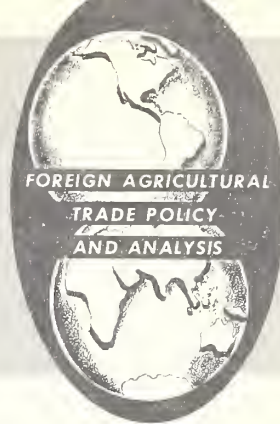


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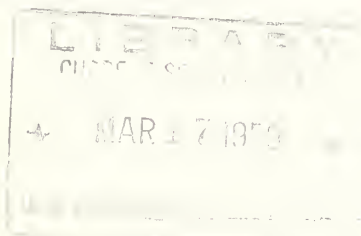
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FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



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F A T P 1-59
January 7, 1959

THAILAND'S ECONOMY STABLE IN 1958

DESPITE UNFAVORABLE DEVELOPMENTS

The Thai economy continued stable in 1958 despite unfavorable developments such as the poor 1957 rice crop which reduced export availabilities; curtailment of tin exports, and depressed prices for rubber.

Foreign exchange reserves, although down during the year, are at a relatively high level of about \$300 million, equivalent to about three-fourths of 1957 total merchandise imports. The baht (Thai monetary unit) was steady in the foreign exchange market. Continued investment in irrigation, power and transportation facilities promises economic growth.

The Thai per-capita national income is about \$90, exceeded in the Far East only in Japan, Malaya and the Philippines. The index of total agricultural production indicates that 1958 production was 12 points ahead of the 1952-54 average; however, per capita production was up only 2 points.

In 1958 Thailand was able to market its 1957 rice crop at prices somewhat higher than in the previous year. Markets also were available for rubber, but at reduced prices. Exports of corn and castor beans continued to increase moderately. Exports of tapioca flour, for which the United States is a major market, also continued to rise. There are few agricultural imports into Thailand, but one - tobacco - is of substantial interest to the United States. In 1958 tobacco imports from the United States declined 25 percent from 1957, but prospects are good for continued imports from the United States as the demand for better quality cigarettes is increasing.

Grains - The 1958 production of rice, Thailand's principal grain crop, is expected to be about 4.7 million metric tons milled rice. This is about a normal outturn but is sharply above the 1957 crop which was damaged by adverse weather. The unusually low water level on the Chao Phya River,

which flows through the central plain area, is causing some concern for this year's yields, but it is believed the crop is too far along to suffer serious damage.

Reflecting the poor 1957 crop, exports of rice in calendar year 1958 will be about 1,100,000 metric tons, milled, about 30 percent below 1957. The government had to curtail export licenses in September to conserve rice for domestic consumption. Export prices in 1958 were slightly higher than in 1957. Reliable data on stocks are not available but they were very low at the close of the crop year.

A moderate increase in corn production in 1958 is indicated. Thailand exports more than half of its corn, mostly to Japan. Exports in 1958 will reach about 70,000 tons, an increase of 9 percent from 1957. The government's program to increase corn production and exports is meeting with some success.

Wheat is not produced in Thailand and wheat flour is imported. Imports in 1958 are expected to total about 25,000 metric tons compared with 29,633 in 1957. Australia and Canada are the major suppliers. The U. S. share, which amounted to about 3 percent of the total in 1957, has increased in 1958 partly as a result of a Canadian shipping strike.

Fibers - Thailand is a minor producer of several fiber crops, including kapok, kenaf, cotton, and jute. Though accurate data on production are difficult to obtain, output appears to be fairly stable. Combined production of fiber crops in 1958 is estimated at about 154,000 metric tons, only slightly higher than 1957.

Fats and Oils - Thailand is somewhat more than self-sufficient in oil-seeds. The principal oil crop is coconuts, amounting in 1958 to about 240,000 metric tons in terms of copra. Production of peanuts has been increasing steadily, reaching about 74,000 metric tons, (shelled) in 1958. Castor beans, soybeans and sesame are also produced. The government is encouraging more production of the oil-bearing crops, and some further increases may be expected.

Small quantities of each of these crops move into the export market. The principal export is castor beans, which have a good market in Japan. Inferior quality of soybeans limits the foreign market for this crop.

Vegetables - Thailand grows an abundance of vegetables of virtually all kinds, but data on production and use are lacking. Small amounts are exported. Substantial quantities of potatoes and sweet potatoes are grown. Cassava, or tapioca flour, has been an increasingly important export item. Exports in 1957 amounted to 77,000 metric tons of which the United States received roughly 80 percent. An increase in exports is expected in 1958.

Dairy Products - Dairy production in Thailand is negligible. In the Bangkok area there are a number of small dairy farms, but yields are low and total output is small. Imports provide 90 percent or more of Thailand's supply of dairy products. The value of imports in 1957 was about \$17 million, most of which was sweetened condensed milk. The U. S. share of the market is negligible.

A recombined milk plant in Bangkok continued to increase its sales of milk and ice cream in 1958. This plant, using U. S. nonfat dry milk and butterfat, was established in late 1956. Officials of the dairy are attempting to obtain an adjustment in the high customs duties on these ingredients.

Livestock and Meat - In 1956 it was estimated that livestock population in Thailand included 6.5 million water buffalo, 5.5 million cattle and about 3 million hogs. The poultry industry is flourishing in the Bangkok area and is developing in other metropolitan areas. Several feed mills in the Bangkok area marketed mixed feeds for poultry, with rice bran the principal ingredient.

About 80 percent of the fresh meat consumed in Thailand is pork. The rest comes from water buffalo and cattle work stock. Consumption of poultry is fairly substantial, although no data are available.

Tobacco - Thailand produces enough tobacco to have a surplus for export, but at the same time imports leaf from the United States to improve the cigarette quality. Domestic production of flue-cured leaf in 1957 was 6,400 metric tons. An increase to 8,700 tons is expected in 1958. There are no accurate data on production of sun-dried native tobacco, but a rough estimate would be about 17 to 20 thousand tons, dried weight.

In 1957 Thailand exported 6,700 metric tons of tobacco leaf and in 1958 will export about 5,700 tons. Most of this has gone to Communist China. The sales contract has been completed, however, and further transactions with the Mainland Chinese are not likely. A Swiss importing firm has agreed to buy 2,000 metric tons of Thai leaf annually over the next 4 years, for marketing in Europe.

Imports of tobacco, all of which come from the United States, declined from 5,599 metric tons in 1957 to approximately 4,100 tons in 1958; however they are expected to continue at least at the 1958 level.

Rubber - Rubber is Thailand's second largest earner of foreign exchange, and its largest dollar earner. Sales of rubber provided about 20 percent of total foreign exchange earnings. Virtually all the rubber produced is for export. Production is fairly stable, amounting to 136,000 metric

tons in 1957 and 135,000 in 1958. Exports in 1957 were 135,000 tons and in 1958 are estimated at 134,000. Prices in 1958 have averaged about 20 percent lower than in 1957.

Sugar - Production of centrifugal sugar in 1957 was about 63,000 metric tons and the 1958 estimate is about 67,000 tons. This does not include palm and coconut sugar which are in the form of paste and cake. Imports of sugar in 1957 amounted to 8,600 metric tons and about 21,400 tons will be imported in 1958. Most of this comes from Taiwan, with Brazil a secondary supplier.

THAILAND: Production, imports and exports of principal crops, 1957 & 1958

Commodity	Production		Imports		Exports	
	1957	1958 1/	1957	1958 2/	1957	1958 2/
----- 1,000 Metric Tons -----						
<u>Grains</u>						
Rice, milled	3,720.6	4,745.0	--	--	1,575.6	1,100.0
Corn, shelled	110.0	115.0	Neg.	Neg.	64.0	70.0
<u>Fibers</u>						
Cotton	12.0	12.0	Neg.	Neg.	--	--
Kapok	103.0	105.0	--	--	4.4	5.0
Jute	3.0	4.0	Neg.	--	--	--
Kenaf	21.0	22.0	--	--	14.6	16.0
Other soft fibers	11.0	11.0	--	--	--	--
<u>Fats & oils</u>						
Copra	3/ 238.0	3/ 240.0	--	--	6.1	5.0
Soybeans	27.0	28.0	--	--	1.4	1.0
Peanuts, shelled	70.9	73.8	--	--	7.6	6.0
Sesame	18.0	17.0	--	--	3.0	2.0
Castor beans	32.0	32.0	--	--	26.0	27.0
<u>Other products</u>						
Cassava (flour)	95.0	100.0	--	--	77.0	80.0
Mung beans	41.0	38.4	--	--	10.5	10.0
Sugar, centrifugal	63.0	67.0	8.6	21.4	3.3	1.3
Tobacco	25.0	25.0	5.5	4.1	6.7	5.0
Rubber	136.0	135.0	--	--	135.0	134.0

1/ Preliminary estimate

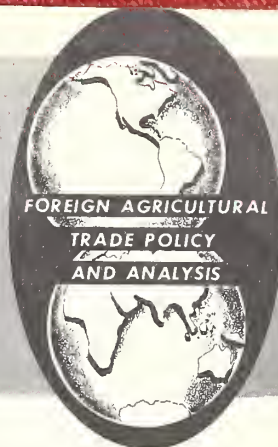
2/ Forecast

3/ Copra equivalent of coconuts produced

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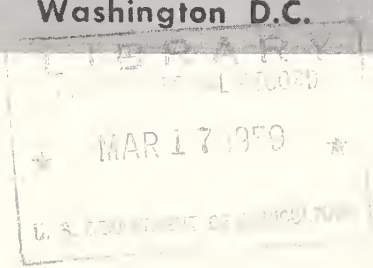
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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



PARTIAL CONVERTIBILITY OF EUROPEAN

CURRENCIES WILL STIMULATE TRADE



FATP 2-59
January 16, 1959

The action of 10 Western European countries^{1/} in making their currencies externally convertible, effective December 29, 1958, will have important effects on the development of U. S. agricultural trade.

The major change is that each country now allows "non-residents", such as foreign individuals, firms or governments freely to convert its currency earnings into any other currency. For example, an Italian in London may convert his pound sterling earnings into lire, dollars or any other currency. Also, a Dutch exporter of flower bulbs can take his earnings of Norwegian or Swedish kroner and convert them through his bank into pounds sterling to pay for an automobile purchased in Britain.

In actual practice convertibility was available in some European currencies prior to December 29. However, this was accomplished mostly through central bank levels and at discounts below the official exchange rates.

The new convertibility does not apply to citizens of the country concerned. Pounds are not convertible for Englishmen or marks for Germans. The limitations apply equally, of course, to other residents of the same currency area (e.g., sterling area). The restrictions also apply to some countries which have bilateral trade and payments agreements with the 10 Western European countries. Nor has convertibility been extended to movements of foreign investment capital. Exchange controls which in part dictate method and currency of payments and receipts will be maintained for the present.

Full formal convertibility, which would allow residents of any country to obtain any foreign money they want, is still a goal.

Europe's convertibility move means an end to the European Payments Union (EPU). The EPU was a clearing house arrangement used by the Organization for European Economic Co-operation (OEEC) countries to facilitate payments among themselves. Foreseeing such a move, these countries pledged in 1955 to settle their payments

^{1/}-- The United Kingdom, France, West Germany, the Netherlands, Belgium, Luxembourg, Italy, Denmark, Norway and Sweden. Austria, and Portugal have indicated they may also grant convertibility, but at a later date.

accounts through a new organization called the European Monetary Agreement (EMA). Unlike the EPU, it will not automatically extend credit to countries that run a deficit in their intra-European trade. Under the EPU, deficits were settled by paying 75 percent in gold or dollars and 25 percent through credit granted by the EPU. In the EMA, deficits must be settled in full and "interim credits" will be granted only when members formally request such assistance. Without the cushion of automatic credits, member countries will have to keep intra-European payments in better balance than that which prevailed under the EPU.

Another economic consequence is that these countries must control domestic inflationary pressures. If inflation prices their exports out of the market, their gold and foreign exchange reserves will face the probability of a rapid decline. The success of internal financial and monetary control measures in meeting such situations was recently demonstrated by the remarkable financial recovery of the United Kingdom, Belgium and the Netherlands in late 1957 and in 1958.

These steps toward convertibility to function smoothly are enhanced by the substantial nature of the gold and short-term dollar assets of these countries. On September 30, 1958, these totaled \$15.1 billion, or 47 percent of total foreign holdings. Moreover, exports of the 10 countries in the year 1957 amounted to \$36.3 billion, or more than one-third of total Free World trade. Since 1950 -- the year following the general devaluation of foreign currencies, and the year that the EPU started -- the exports of these 10 countries have more than doubled.

External convertibility by this major group of trading countries represents another important step toward freeing trade and payments. Among the prospective benefits are:

- (1) It will facilitate further expansion of world trade -- an expansion necessary to the further economic growth of the countries of the free world.

- (2) Expanded trade and production should increase competition in the international markets.

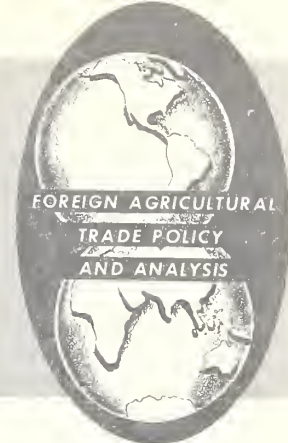
- (3) It will facilitate and encourage foreign private investments reflecting business expansion and more liberal policies on profit remittance.

- (4) It will tend to widen the scope of available convertible foreign exchange. Heretofore, payments deficits were largely settled in gold and dollars and for this reason, a number of countries treated dollars as "scarce" in administering import controls. Now, however, earnings of the 10 Western European currencies are synonymous with the dollar and there is no longer any reason for separate allocations.

- (5) It represents further progress towards non-discriminatory, multi-lateral trade. Since the financial motivation for discrimination by the 10 countries against trade with the dollar area has been removed, it should follow that in due course greater opportunities will be offered U. S. farm products to compete freely in world markets.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



F A T P 3-59
January 27, 1959

CUBA'S AGRICULTURAL PRODUCTION
AND TRADE SITUATION, 1958-59

Summary

Cuba's 1958-59 agricultural production should reach the 1957-58 level, or about 20 percent above the 1952/53-1954/55 average and almost double that of prewar. Agricultural exports should equal, and imports should be somewhat above, 1957-58 levels. ^{1/}

Cuba's 1958-59 sugar crop has been restricted to about 6.6 million short tons, compared with a restricted crop of 6,372,000 tons for 1957-58, and exports should at least equal those of the previous year. If, however, the sugar crop were unrestricted and all available cane could be harvested, a substantially larger crop of sugar could be made.

A bigger potato crop is also expected in 1958-59. A coffee crop 16 percent above 1957-58 will leave a larger coffee surplus for export. Beef production should exceed domestic consumption this year and, because commercial layer and breeder poultry flocks expanded considerably during the past year, imports of both table and hatching eggs will continue to decline.

On the other hand, Cuban rice production may be down 15 percent during 1958-59, necessitating larger imports than last year. The wheat and wheat flour import quota for the 1958-59 wheat-quota year will probably be up somewhat. But increased allocation of wheat for the benefit of the domestic flour-milling industry, at the expense of flour imports, appears likely.

^{1/} Estimates in this circular for 1958-59 are made on the assumption that normal conditions will prevail during the harvesting and transportation of the crops.

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Faced with an acute shortage of corn, Cuba imported some duty-free corn from the United States in the first 6 months of 1958. And, as domestic production lags behind increased consumption requirements, additional duty-free corn is being imported for 1958-59 use. Potato, bean, lard and pork imports are expected to be about the same as the previous year.

U. S. agricultural exports to Cuba for 1957-58 reached the impressive total of \$150 million (\$16 million above 1956-57) as Cuba again continued to be this country's leading Latin American agricultural market. Indications are that the United States will again provide most of Cuba's agricultural imports in 1958-59 and that, as in previous years, payment will be in dollars.

Production and Trade of Exported Products

Sugar and Molasses: A Government decree, dated January 13, 1959, restricts Cuba's 1958-59 sugar crop to about 6,600,000 short tons. The crop, if unrestricted, could reach a minimum of 6,800,000 short tons, based on an estimated 3,525,990 acres of sugarcane available for harvest. Given better-than-average growing and harvesting conditions, the 1958-59 crop could well exceed this figure substantially. This compares with 6,372,000 tons of raw sugar produced during the 1957-58 restricted season from 2,871,829 acres of harvested cane.

The sale and export of sugar in 1958 indicates that the December 31, 1958, carryover was the lowest in several years. Sugar exports during the period July 1, 1957-June 30, 1958, amounted to 5,946,900 short tons compared with 6,433,000 tons during 1956-57. Based on the restricted 1958-59 sugar crop and June 30, 1958, stock position, exports of sugar during 1958-59 should at least equal 1957-58 exports.

Blackstrap molasses production for the 1958-59 crop in Cuba may reach 247 million gallons compared with 231 million in 1957-58. In the past, about half of the molasses has been exported and the rest used domestically. In 1957-58, however, the proportions changed to 80 and 20 percent, respectively. The increase in molasses exports is attributed to the Government's action taken to terminate subsidization of the Cuban alcohol industry about a year ago. This resulted in the closing of many local alcohol distilleries, thereby releasing additional molasses for export. As of June 30, 1958, there were no unallocated stocks of blackstrap molasses in Cuba.

Other sugar products that Cuba produced during 1957-58 were 89.3 million gallons of hi-test molasses, over 38,000 tons of green sugar, and about 35,000 tons of liquid sugar. These products were all sold for export by the end of the fiscal year, except about 40 million gallons of hi-test molasses.

Tobacco: From a value standpoint, tobacco continues to rank second to sugar as Cuba's most important agricultural export. Total cigar-type tobacco exports in 1957 amounted to 57 million pounds, or 13 percent above 1956, and are expected to continue at the same level.

The national production quota for 1958-59 has been established at 97 million pounds, the same as in the previous year, but the production of cigarette-type tobacco (burley and flue-cured) has been included for the first time in this quota. It is expected that about 55 percent of the total cigar-type production will be exported as leaf. Also, there will be significant exports of cigars and cigarettes. The United States and Spain are expected to continue to be the best markets for Cuban leaf tobacco and cigars.

Production of cigarette-type tobacco from the 1957-58 crop amounted to 5.8 million pounds, of which 72 percent was burley and 28 percent was flue-cured. An increase of about 100 percent in the 1958-59 flue-cured tobacco crop is expected, with no change in burley production. Of significance is the fact that cigarette-type tobacco has been included in the national production quota without increasing the overall quota. This indicates the intention, through substitution, to reduce the production of poor-quality cigar-type tobacco, which has been difficult to sell in past years.

Winter Vegetables: During 1957-58 Cuba's exports of tomatoes to the United States totaled about 35 million pounds, or 100 percent more than in the 1956-57 export marketing season. With the U. S. market demand remaining firm through late spring, Cuban growers had incentive for increased late plantings. Exports of cucumbers in 1957-58 were about 40 million pounds, or 10 percent below the previous year. Heavy rains lowered cucumber export production, but good prices brought higher profits to producers than a year earlier.

An increase of 10 and 5 percent, respectively, is expected in tomato and cucumber production for the 1958-59 season over that for 1957-58, but it now appears that the total volume of exports will be somewhat below the larger-than-usual exports of a year ago. In addition to tomatoes and cucumbers, small, but significant, quantities of eggplant, okra, peppers, watermelons, and canteloupes will be grown in Cuba for both export and local consumption in 1958-59.

Fruit Crops: With minor cold-weather damage to orange trees during January and early February, 1958, a 10-percent reduction in the 1958-59 production under that of 1957-58 may be expected. The new crop is now estimated at 2.3 million boxes.

During the second quarter of 1958, Cuba exported about 378,000 boxes of oranges. The bulk went to the United States for juice-processing purposes. Generally, Cuba does not export oranges to the United States, but smaller Florida production, due to cold-weather damage, provided this export

opportunity. In addition, Cuba made 2 trial shipments of oranges to Europe in 1957-58. Reportedly, consumers there were pleased with the flavor of the oranges and indicated interest in receiving more.

Cuba's 1958-59 production of grapefruit is expected to be maintained at the 1957-58 level, or approximately 193,000 boxes. Fresh grapefruit exports to the United States during the 1958 export marketing season reached over 60,000 boxes. Additional exports to Europe brought total seasonal exports for 1958 up to about 83,000 boxes, or 50 percent above 1957. Here again, cold-weather damage in Florida provided a U. S. market for Cuban grapefruit, and growers had a profitable export season.

The 1958 export marketing season for Cuban avocados opened in early July and ended in late September. During this period, Cuba exported around 198,000 boxes of avocados to the United States compared with over 209,000 boxes in 1957. During 1958-59, as in past years, most of Cuba's avocado production will be used domestically.

Cuban pineapple production in 1958-59 is estimated at 5.7 million boxes, slightly above 1957-58. As usual, 85 percent of the total crop will be exported--about 45 percent as whole or fresh fruit and the remainder as canned pineapple and pineapples in brine or sirup. The United States is expected to continue as the principal market.

No significant change in Cuba's production of plantains and bananas is expected during 1958-59. They are now grown principally for domestic consumption, although exports of plantains are estimated to approximate 17.6 million pounds for 1958-59. Prevalence of Sigatoka and other diseases has discouraged commercial production of bananas for export.

During 1958, Cuba exported about 558,000 pounds of mangoes, all to the United States. This is about 64 percent less than in 1957, but wind and rain damage of the first bloom of the mango trees cut supplies for export.

Coffee: The 1958-59 coffee crop is forecast at about 850,000 bags if good weather prevails. This compares with a 1957-58 crop of 725,000 bags. Exports for 1957-58 were about 250,000 bags, of which 75 percent went to the United States. The export quota for the 1958-59 crop has been established at 40 percent of all green coffee and should approximate 300,000 bags.

Cacao: The 1958-59 cacao crop may approximate 6 million pounds, compared with 5.1 million pounds in 1957-58. Cacao bean exports during fiscal year 1957-58 were slightly under 4 million pounds. Based on the present estimated production and stock position, exports during 1958-59 may slightly exceed 2 million pounds.

Fibers: The outlook for production of henequen in Cuba is discouraging. Unless the world market price of raw henequen improves considerably or there is some adjustment between domestic wages and prices, the Cuban

henequen industry may disappear, except as a source of supply for the local cordage mills. Only half of the total area in henequen, or 26,000 acres, was harvested during 1957-58. Exports of raw henequen were negligible. Exports of rope and twine approximated 11 million pounds and will probably remain at about that level in 1958-59.

It is estimated that the acreage planted to kenaf in Cuba during 1958 totaled 1,459 acres. About 1,000 acres will be used to produce seed, most of which will be exported. The remainder will be used in continuing experimental work.

Beef: With cattle production more than meeting domestic beef requirements of 408 million pounds in 1957-58, the Cuban Government, by official decree effective October 15, 1958, authorized an annual export quota of 4,800 head of carcass high-quality beef. Accordingly, exports of high-quality beef may total about 2 million pounds during 1958-59. Cuba is expected to continue to export purebred cattle to other Latin American countries and to import breeding cattle from the United States during the year.

Production and Trade of Imported Products

Rice: Rough rice production for 1958-59 is forecast at 490 million pounds, representing a decline of 15 percent from the 575 million pounds produced in 1957-58. Political unrest in the main rice-producing areas during the growing period and the "White Stripe" (hoja blanca) rice disease are contributing factors to the expected decline.

Imports of rice during the 1957-58 rice-quota year were 386 million pounds. The 1958-59 low-duty rice import quota was initially established at about 406 million pounds (the usual basic quota of 3,250,000 Spanish quintals, or 330 million pounds, plus a deficit quota of 76 million pounds). By December 31, 1958, all but approximately 144 million pounds of the initial low-duty rice import quota had been imported and all but 10 million pounds had been purchased by importers.

Per-capita consumption of rice in Cuba for 1957-58 is now estimated at 122 pounds, and this high rate is expected to continue during the 1958-59 quota year.

Beans: Bean production for the 1958-59 season is currently forecast at 507,000 bags, or 35 percent above the 375,000 bags produced in 1957-58, when adverse weather affected the crop. Of the total 1958-59 production, about 76 percent will be black beans; 16 percent, red kidneys; and the remainder, for the most part, blackeyed beans. Cuba's imports of beans during 1958-59 are expected to be close to 1.2 million bags, or nearly 70 percent of domestic needs. In 1956 and 1957, the United States supplied 95 percent of Cuba's bean imports and continued to supply most of the Cuban market for beans in 1958.

Wheat and Flour: Cuba does not grow wheat and must import wheat and wheat flour to meet domestic requirements. A government resolution has established Cuba's imports of wheat and wheat flour ending July 31, 1958, at 8,084,000 bushels, in terms of wheat. Imports of wheat and wheat flour for the year ending June 30, 1958, totaled 8,561,000 bushels (wheat equivalent). This compares with 7,606,000 bushels for 1956-57. The increased imports indicate a moderate expansion in domestic use because of favorable economic conditions.

The wheat and wheat flour import quota for the 1958-59 wheat-quota year (August 1, 1958-July 31, 1959) has been set at 8,175,000 bushels. The probability of increased allocations of wheat for the benefit of the domestic flour-milling industry without compensating increases in the overall import quota is of real concern to flour importers.

Corn: Cuba, normally self-sufficient in corn, experienced an acute short-supply situation during 1957-58. Contributing factors included (1) a sharp increase in domestic corn consumption requirements due, primarily, to a rapidly expanding poultry industry; (2) diversion of corn acreage to sugarcane; (3) overexportation of corn; and (4) disruption of production due to political unrest in the Island.

With the first signs of a corn shortage during the last quarter of 1957, the Cuban Government took steps to alleviate the situation by authorizing the duty-free importation of shelled corn, which reached a total of 1,457,000 bushels by the end of 1957-58. All the imported corn moved promptly into marketing channels, and there were virtually no stocks on hand on July 1, 1958. The major Cuban corn harvest in August-September failed to meet expectations and, with feed requirements continuing firm, it was necessary to allow additional duty-free imports of 708,000 bushels. Faced with a continuing strong local demand for corn, plus the fact that there will not be another major domestic harvest until the fall of 1959, Cuba may need to import an additional 1.1 million bushels of corn prior to June 30, 1959, or a total of about 1.8 million bushels during the fiscal year 1958-59.

Potatoes: Increased plantings of local seed potatoes and higher yields from the major plantings of certified seed resulted in a total 1957-58 potato production of about 2.3 million hundredweight. Assuming favorable weather conditions, the expected increased plantings of local seed potatoes in 1958-59 could result in an output 10 to 15 percent above the previous year. Imports of white table potatoes during the low-duty period (August 1, 1958-October 31, 1958) approximated 602,000 hundredweight. Imports of certified seed potatoes during 1958-59 are expected to be about 157,000 hundredweight. All of the table potato imports and about 80 percent of the certified seed will come from the United States. With the apparent larger total supply of potatoes in 1958-59, a moderate increase in domestic consumption is expected.

Onions and Garlic: There is no large-scale commercial production of onions and garlic in Cuba, but the Ministry of Agriculture Experiment Station is growing these commodities experimentally. It is difficult, however, to grow these products under tropical conditions. In 1958-59, as in 1957-58, Cuba is expected to import about 85 percent of the onions and garlic it needs. The United States should continue to supply most of the onions and about one-sixth of the garlic.

Vegetable Oilseeds and Oils: Peanuts continued to be the sole source of Cuba's domestic production of vegetable oil during 1957-58. About 54 percent of the almost 10,000 short tons of peanuts produced were crushed, producing about 1,360 short tons of oil. This represented only about 6 percent of Cuba's 1957-58 vegetable oil needs and, as in the past, Cuba depended on imports to supply most of its oil requirements. About 36 percent of the 20,900 short tons of vegetable oils imported in 1957-58 were olive oil; 27 percent, soybean oil; 18 percent, coconut oil; 10 percent, peanut oil; and the remainder, other oils.

Cuban peanut production in 1958-59 is estimated at about 11,000 short tons. Imports of vegetable oils are expected to continue at about the same level and composition as in 1957-58, except that soybean oil imports may be expected to decrease because of the new soybean oil extraction plant. All soybeans for the plant are expected to come from the United States, as domestic production is still in the experimental stage in Cuba.

Pork: Cuba's domestic consumption of pork in 1958-59 is estimated at 128 million pounds, just slightly above that of 1957-58. As in 1957-58, Cuba will continue to obtain about 25 percent of these requirements through imports of cured pork products--such as, salt pork, hams, shoulders, butts, bacon--largely from the United States. The remainder, consumed mostly as fresh pork, will be supplied domestically. Commercial production of quality hogs still appears to be uneconomical because of the high cost of balanced feed. However, limited importation of purebred foundation stock from the United States is expected to continue during 1958-59.

Lard: With domestic commercial production of lard negligible in relation to total domestic needs, Cuba will continue to depend almost entirely on imports from the United States in 1958-59. Such imports are now estimated at about 180 million pounds, slightly above those of 1957-58.

Poultry and Eggs: Commercial broiler production amounted to about 13.5 million head in 1957-58, an increase of about 20 percent over the previous year. Production is expected to continue its upward trend in 1958-59, as more local consumers become accustomed to buying properly fed broilers at relatively low prices. In addition, about 200,000 criollo

(native) chickens were marketed each month during 1957-58, and the same number is expected to be marketed in 1958-59.

Total hatchery output during 1957-58 approached 14 million baby chicks, requiring total egg settings of about 20 million hatching eggs. Nearly 60 percent of these hatching eggs were produced locally of broiler strains. The remainder came from the United States. Hatchery output may reach 16 million baby chicks in 1958-59.

Commercial egg production in Cuba continued to expand during 1957-58. Commercial flocks and criollo hens together produced 25 million dozen table eggs. At the close of June, 1958, about 500,000 commercial layers were producing, or almost twice as many as on the same date a year earlier. At the same time, an estimated 120,000 breeder-flock layers were producing hatching eggs of broiler strains.

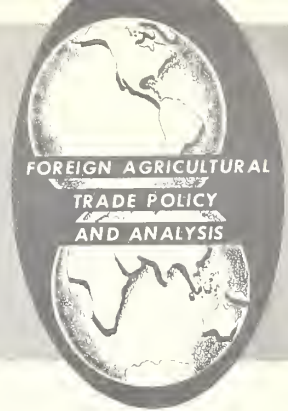
Imports of baby chicks during 1957-58 amounted to about 1.7 million. Imports of frozen poultry totaled about 660,000 pounds, and about the same quantity is expected to be imported in 1958-59. Total egg imports (table and hatching) during 1957-58 were about 2,450,000 dozen eggs. A decline in egg imports is expected for 1958-59 because of local expansion of commercial layer and breeder flocks.

Milk and Dairy Products: Domestic milk production is meeting local demand for fresh milk. Improved feeding and breeding are beginning to increase production. About 70 percent of the total fluid milk production of over 1.7 billion pounds in 1957 was consumed fresh and the remainder used primarily in the commercial production of dairy products.

In 1957 Cuba produced about 108 million pounds of dairy products and imported about 33 million pounds. About two-thirds of the domestically produced dairy products were condensed milk; 12 percent, evaporated milk; 10 percent, cheese; 6 percent, butter; and 5 percent, dry milk. Of the imports, 53 percent were evaporated milk; 33 percent, condensed milk; 7 percent, cheese; and the remaining 7 percent were butter and dry milk.

Except for temporary curtailment of production due to revolutionary activities, domestic production of evaporated and condensed milk would undoubtedly have increased moderately in 1958 at the expense of the imports of these commodities. Final data are not yet available. The United States should continue to be the major source of imports of butter and dry milk, and the Netherlands the major source of condensed milk and cheese.

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

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January 30, 1959

AGRICULTURAL SITUATION IN COLOMBIA

Colombian agriculture in 1958 continued to make progress in increasing the production of basic commodities, but the increase has not kept up with the rise in population.

Stimulated by advances in already high support prices and by strong demand, Colombia's agricultural production, which has been expanding for the last decade, is also being aided by continued flow of development plans of the Government and the main agricultural societies.

While the country has generally followed an import austerity program, some items needed for agricultural production have been allowed entry. Also, there has been further easing of credit to agricultural producers, although interest rates are rather high.

Agricultural expansion varies considerably in different parts of the country. In the highlands, around Bogotá and to the north, it has been relatively slow, and conservatism prevails. In the upper Magdalena Valley, it has been more rapid, especially due to the installation of the Saldaña and Coello irrigation projects. In the Cauca Valley, already well settled, there is much enthusiasm for newer crops, with a notable increase in cotton, beans, soybeans, and miscellaneous vegetable crops on acreage mostly diverted from pasture.

There is a land boom in the lower Magdalena Basin and the Atlantic Coast area, with great increases in cattle raising, cotton, and rice. There is growing interest in intensification of agriculture in the Llanos, but most of the development is still experimental. However, many people are establishing ranches, bringing in cattle and a certain amount of farm machinery, and starting some cropping. In relation to the total area of the Llanos, however, the developments are still on a limited scale.

The most notable increases have been in cotton and rice. The expansion in cotton production in the last 10 years has been surprising and, apparently,

will continue. Production has increased from 25,000 bales in 1948 to over 135,000 bales at present. The big increases occurred in 1953 and 1954 and were stimulated by high world prices.

Table 1.- Colombia: Production trends of selected crops, 1948-59

Y e a r	Cotton	Rice	Coffee ^{1/}	Wheat	Oils from domestically produced oilseeds
	1,000 bales ^{2/}	Million pounds	1,000 bags ^{3/}	1,000 bushels	1,000 short tons
1948.....	25	397.0	5,780	4,336	-
1949.....	28	456.4	6,140	4,703	-
1950.....	40	531.3	5,740	3,748	-
1951.....	34	571.0	5,042	4,777	8
1952.....	47	584.2	6,711	5,144	9
1953.....	78	600.0	6,405	5,144	12
1954.....	92	650.0	7,088	5,365	15
1955.....	122	701.0	6,405	5,511	12
1956.....	105	745.0	6,800	5,144	16
1957.....	103	804.6	6,500	4,409	18
1958.....	95	837.7	7,800	4,000	18
1959 ^{4/}	135	881.8	7,500	5,144	22

^{1/} Crop year ending September 30 of year shown. ^{2/} 480 pounds.

^{3/} 132.276 pounds. ^{4/} Preliminary.

Colombian rice production in the last 10 years has more than doubled, and much of the increase has been irrigated rice. Output now equals consumption, and there is talk of exporting possible surpluses. As in the case of coffee, the best grades would be exported and the poorer grades used within the country. As yet, however, there has been no serious consideration of who would pay the export subsidy, the domestic price for rice being above world prices.

Coffee production has been continually increasing, as in most other producing countries. There was a large increase in production to 7.8 million bags in 1958, compared with 6.5 million bags the year before.

The production of vegetable oils has likewise been rising rapidly, partly due to the increased cotton acreage, which has produced more cottonseed. The planting of sesame has been stimulated during the remainder of the year. Likewise, there has been greater interest in the production of soybeans, especially in the Valle del Cauca. This has resulted in a marketing problem for the cake, however.

There has also been much interest in expanding wheat production to reduce the need for imports; however, there has been little or no increase so far. Production has remained relatively stable, largely due to the competition between the barley and wheat interests in obtaining ever-increasing government support prices for these 2 commodities. Likewise, the potential wheat area is largely in the highlands near Bogotá, where much of the land is owned by landholders unable to convert their large dairy and cattle farms into crop production.

The long-term trends for many other crops have also mostly been upward. The growth of the livestock industry is significant, especially in the lower Magdalena, and there is some discussion of exporting meat. In many of the minor crops, production increases have been more modest, in many cases barely enough to keep up with the raising demand.

Weather Conditions

While rainfall has been below average in some areas of Colombia, there was no unusual widespread drought conditions in 1958. Some parts of Colombia have heavy rainfall, while others are very dry. Still other areas have good rainfall only once in several years.

As a whole, rainfall in 1958 in the lower Magdalena was about average. The Eastern Cordillera, including the highlands of Santander, Boyacá and Cundinamarca, has been somewhat dry, with definite below-average precipitation in the important Savannah of Bogotá. However, the rainy season that comes in the latter part of the year started on time, and growing conditions are now normal.

The Upper Magdalena area, especially southward toward Neiva, has been dry, although the drought is by no means as serious as in some previous years. This low-elevation area is extremely warm, so that water use is high. In addition, proximity to the mountains results in condensation of moisture in the high altitudes. As a consequence, various parts of this area are almost desertlike. The year has been relatively dry, so that only the irrigated land there is producing well.

Rainfall in the Central Cordillera was normal, with a slight deficiency in the Medellín area. In most of the Cauca Valley, rainfall was somewhat deficient in the early part of the year, but moisture conditions improved in April and May and are now good. On the Pacific Coast, rainfall has been heavy, as usual.

The Llanos appear to have had ample rain, based on the condition of the vegetation. However, there are no suitable weather records from this area. Likewise, agricultural production in the Llanos is relatively small and does not affect the overall production situation appreciably.

Commodity Highlights

Coffee: Colombia's coffee production for 1958-59 is currently estimated at 7.5 million bags, with an exportable production of 6.7 million bags. Higher yields from increased fertilization are expected largely to offset drought damage in some areas. The total 1957-58 crop is now placed at 7.8 million bags, with 7.0 million bags exportable.

Grains: Corn, the principal food crop in Colombia, is grown throughout the country, but the principal areas are in Cundinamarca, Antioquia, Boyacá, Bolívar, Valle del Cauca, and Nariño. Production in 1959 is forecast at 32,478 thousand bushels, or 10 percent above 1958. This increase is attributed to the price-support program to stimulate corn output and, partly, to the new varieties produced by the agricultural research program of the Ministry of Agriculture. The national government is sponsoring a program to extend credit and assisting farmers to acquire land for corn production.

There were no corn exports or imports in 1958, and none are expected in 1959. The country is just about self-sufficient in corn. Some 80 to 85 percent of the corn is used for food, and the remainder for seed and feed.

Rough rice production during the crop year 1958-59 (July 1-June 30) is forecast by the Rice Institute at 882 million pounds from 531 thousand acres, compared with 838 million pounds from 469 thousand acres in 1957-58. Rice producers have suffered from drought during the past 2 years in Tolima, Huila, and Valle del Cauca.

During the 1957-58 crop year, 22 million pounds of milled rice and 218 thousand pounds of seed rice were imported. In 1958-59 only seed rice will be imported. Good possibilities of exporting rice in the near future are reported.

Further progress is being made in the mechanization of rice production with machines imported largely from the United States. Rice-milling techniques are improving rapidly, using English, German and U. S. equipment. Colombia is manufacturing some satisfactory rice-milling equipment.

Wheat production in 1958 is currently estimated at 4,000 thousand bushels from 445 thousand acres. According to the Ministry of Agriculture, it will probably be about 5,100 thousand bushels in 1959, since advances in support prices for wheat have been offset by similar advances for barley. If there is more moisture in 1959, production should rise.

Imports of wheat during the calendar year 1959 are expected to reach 4,776 thousand bushels, compared with 4,409 thousand bushels in 1958, with the United States the major supplier. Periodic shortages of wheat and flour in the domestic market result from some variation in import policy.

Barley production for 1959 is expected to reach 4,134 thousand bushels, compared with 3,123 thousand bushels in 1958. This gain could be attributed to further use of the variety Funza, which is much higher yielding than other Colombian varieties. Also, a new organization, the Development Association for Barley Cultivation (Procebada), is giving technical assistance, as well as furnishing seed and fertilizer on a credit basis for the barley crop.

The latest 1959 estimate could prove too optimistic unless the support price for barley is increased because, with the recent use in the support price for wheat, it is now more profitable to produce wheat.

During the first 4 months of 1958, Colombia imported 751 thousand bushels of barley malt, compared with 2,120 thousand bushels during the calendar year 1957. The United States supplied all the malt in 1957. Imports in 1959 should decrease considerably if the present production forecast is reached. However, some barley--and probably malt also--will be imported until domestic production increases sufficiently to meet domestic use and demand, which is now about 7 million bushels.

Pulses: The production of beans in 1959 is tentatively forecast at 143,299 thousand pounds, compared with 121,253 thousand pounds in 1958. Although the 1958 crop is smaller than expected because of drought, it is above the average. The 1959 forecast assumes normal growing conditions. At present, there is a surplus above domestic needs and some thought of exporting if supplies continue high. Commercial production is largely in the hands of the Japanese Agricultural Society in the Valle del Cauca. This organization produces two crops each year. The principal varieties are a Colombian hybrid (Sangre-toro) and Algarroba.

Production of peas and other pulses--including black-eyed peas, lentils, and the local horse-bean--is tentatively estimated at 46,296 thousand pounds from 59 thousand acres for 1959, about the same as in 1958.

Fruits: Bananas have been a significant export from Colombia for many years. Exports for 1959 are expected to be higher than the 7.9 million stems exported in 1958. Abnormal windstorms destroyed some 440,000 bunches of export bananas in 1957-58. West Germany, the largest market, usually takes about two-thirds of Colombia's bananas.

Bananas also furnish domestic food. Total production in 1959 is tentatively estimated at just under 30 million bunches, compared with 28 million bunches in 1958. The drop in 1958 was due to drought, which has afflicted the Atlantic Coast of Colombia the last 2 seasons. Area in bananas is estimated at 136 thousand acres in 1958, with no significant change in 1959.

A major change in controlling the Sigatoka disease of bananas is the use of oil spray from helicopters and small planes; formerly treatment was with Bordeaux mixture applied through pipes.

Production of miscellaneous fruits is about 485,000 short tons per year from about 370 thousand acres. These fruits include citrus, pineapple, mangoes, plums, pears, grapes, apples, guava, papaya, and curuba. Quality of these fruits varies according to the area of production. The tropical fruits are of very good quality, but the temperate-zone fruits--such as, apples and pears--are poor. There are no imports or exports of these commodities, except for local border trading.

Cotton: Colombia's cotton production has increased steadily over the past decade. For the crop year 1958-59 (August 1-July 31), output is tentatively forecast at 135 thousand bales, as compared with 95 thousand bales in 1957-58. The expected increase is based on larger planted area, or about 210 thousand acres, as compared with 178 thousand acres in the crop year just completed. Principal area increases are expected in the Valle del Cauca, Magdalena and Córdoba.

The outlook for Colombian cotton imports in 1958-59 is approximately 60 thousand bales, compared with 68 thousand bales imported during 1957-58. The United States is expected to continue to be the most important supplier.

Fats and Oils: The vegetable oil industry is one of the fastest growing agricultural processing operations in Colombia. Production in 1959 is expected to increase further to about 72 thousand short tons of oil and shortening. Most of this will probably come from imported copra, as in the past. However, the expanding cotton industry is providing more and more cottonseed for crushing. In 1959 the forecast is for an output of almost 72,000 short tons of seed. About 14 percent of the seed is crushed for vegetable shortening for human use.

Sesame production during 1959 is estimated at 28,660 short tons from 99 thousand acres, compared with 27,557 short tons from 94 thousand acres in 1958. The Colombian Government has been trying to increase sesame production by setting a minimum price for the seed.

Soybean production is a new and growing industry. Output in 1958 reached 11,000 short tons. A further expansion in acreage is expected in 1959 from about 20,000 to 25,000 acres. The soybean cake will be used largely for feed, although mixture of some soybean flour with wheat flour for human consumption is required.

Tallow and lard also furnish fats for both food and industry. Tallow use in 1959 is expected to remain the same as in 1958, or around 44 thousand short tons. Of this, 10 thousand short tons may be used for food and 36 thousand tons for industrial use. This includes an estimated import of 2,200 short tons for the calendar year 1959. Lard production for 1959 is forecast at 15 thousand short tons, with possible imports of 110 tons.

Vegetables: Starchy vegetables are basic foods consumed in larger quantities in Colombia than any of the other food items except corn and rice. These include potatoes, yucca, and plantains. The production of potatoes for 1959 probably will be about 25 thousand bushels from 220 thousand acres, compared with just under 20 thousand bushels from the same acreage in 1958. Except for the potatoes used for seed, the remainder is eaten.

Yucca production forecast for 1959 is 772 thousand short tons from 308 thousand acres, the same as 1958. Of the total, about 550 thousand tons go for human use.

The production of plantains is estimated at about 860 thousand short tons from 351 thousand acres for 1959, the same as 1958. About 772 thousand short tons are used for food and 88 thousand tons for feed.

Sugar and Panela: The increased sugar production of 242,000 short tons forecast for 1959 is made on the assumption of better growing conditions and more rain during the 1959 calendar year than in 1958. If this total is reached, imports for 1959 are expected to be somewhat lower, possibly 22 thousand short tons compared with 33 thousand in 1958.

Panela (a brown sugar cake) is more important than sugar in the local diet. Production for 1959 is forecast at 551 thousand short tons from 469 thousand acres, compared with 496 thousand tons from the same area in 1958. Panela production was lower in 1958 because of the drought, and the 1959 forecast assumes good growing conditions and continued attractive prices.

Tobacco: Colombia is a net exporter of leaf tobacco but imports a considerable quantity of cigarettes and some cigarette tobacco. During 1958 drought conditions reduced output and quality. The tentative estimate for 1959 is 88.2 thousand pounds, if growing conditions are good. Exports in 1958 dropped about 30 percent below a year earlier because of the reduced yields but, if output is good in 1959, they are expected to rise substantially above the 8.8 thousand pounds exported in 1958.

Meat: During 1959 Colombia's consumption of beef and veal combined is expected to be around 683 million pounds, approximately the same as in 1958. There has been a steady increase in slaughter of cattle, including cows and heifers, which has caused deep concern in the Agricultural Society and the livestock associations. There have been several corrective proposals, including limiting the slaughter of female animals, and a program so that surplus cows and heifers on certain farms could be purchased by the Government for resale to other farmers. However, no definite program has yet materialized. The consumption of pork, lamb and mutton, and goat meat in 1959 is estimated to be somewhat over 95 million pounds, or about the same as in 1958.

The livestock industry is important in Colombia and promises to become more so. The Departments of Bolívar, Magdalena, Antioquia and Córdoba have most of the cattle, accounting for 45 percent of the country's total. Córdoba and Magdalena are the principal hog producers, but hog numbers are more widely distributed throughout the country than cattle.

Food Consumption

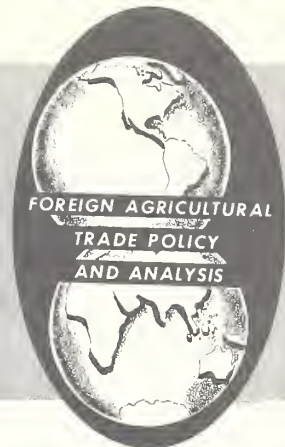
Although data on Colombian agricultural production are scattered and incomplete, the population should be able to eat as well in 1958-59 as in the preceding year. Estimated caloric intake per capita in 1958 was just over 2,400 calories per day, or slightly lower than in 1955, although was well above the 1,860 estimated by the Food and Agriculture Organization for pre-war. One-third of the total calories come from cereals, about one-fifth from sugar and panela, and one-sixth from meat, milk, eggs, and fish.

Table 2.- Colombia: Estimated food intake, 1955 and 1958

C o m m o d i t y	Calories Per Day	
	1 9 5 5	1 9 5 8
Cereals.....	792	818
Pulses.....	33	47
Other Vegetables.....	283	216
Fruits.....	210	196
Cacao.....	20	25
Sugar and Panela.....	573	506
Fats and Oils.....	131	148
Meat.....	163	180
Milk.....	226	249
Eggs.....	20	21
Fish.....	10	10
T o t a l.....	2,461	2,416

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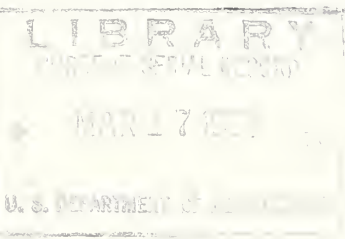
U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 5-59
January 28, 1959

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INDUSTRIALIZED COUNTRIES LEAD IN
INCREASE IN FOREIGN DOLLAR HOLDINGS



Summary

Foreign^{1/} gold and short-term dollar assets (public and private) increased \$893 million during the third quarter (July-September) of 1958. At the end of that period the total gold and dollar reserves of foreign countries had reached a new peak of \$32.5 billion.

Most important, however, is the fact that these reserves increased \$2.7 billion in the first 9 months of 1958. Estimated on an annual rate basis, this gain indicates a yearly increase well above \$3 billion. This would be the largest annual gain ever recorded.

The main reason for the increase was the outflow of gold and dollars from the United States. In the third quarter this outflow amounted to about \$877 million; down \$200 million from the second quarter. The balance of the increase in reserves was derived from newly-mined gold, and U.S.S.R. gold sales.

The distribution of the increase resembled that of January-June 1958. That is, the bulk accrued to the industrialized countries of Western Europe and to Japan. The main exception to the trend was in Canadian reserves which increased in the first half of 1958 but dropped \$56 million in the third quarter. The rest of the world continues to face balance-of-payments difficulties. In general, these other countries experienced a modest decline in their gold and dollar assets in the third quarter 1958. This loss represents a marked slow-down in the drain on these assets which began around mid-1957.

World Dollar Position and U. S. Agricultural Exports

The external financial picture of the third quarter brought no marked change in the factors affecting U. S. agricultural exports. In larger U. S. dollar markets, the exchange position should not be a factor limiting U. S. agricultural exports,

1/-- Excludes Soviet Bloc countries and international institutions.

and the continued improvement will facilitate the ability of these countries to remove barriers to trade, particularly dollar trade. (See Foreign Agriculture Circular FATP 2-59, of January 16, 1959 regarding the significance to U. S. trade of the new external convertibility measures in Europe.

The gold and dollar reserves of the newly-developing countries are generally low. Most of these countries, which derive their foreign exchange primarily from the export of raw materials, continue to be affected by large supplies exceeding current demand and the resulting depressed price situation. Their agricultural import needs are being met in large part through U. S. export programs, such as Public Law 480 sales for local currency.

United States: Balance of Payments with Foreign Countries (non-adjusted) 1/

	<u>1st</u> <u>Quarter</u>	<u>2nd</u> <u>Quarter</u>	<u>3rd</u> <u>Quarter</u> 2/
	<u>Million Dollars</u>		
I. Dollars paid by foreign countries for --			
A. U. S. exports of goods and services			
1. Merchandise	4,053	4,186	3,795
2. Services and other transactions	1,524	1,731	1,738
B. Foreign long-term investment in U.S.	19	- 5	--
C. Errors, omissions and unaccounted (net)	<u>170</u>	<u>73</u>	<u>217</u>
Total Payments	5,766	5,985	5,750
II. Dollars received by foreign countries from --			
A. U. S. imports of goods and services			
1. Merchandise	3,143	3,170	3,158
2. Services and other transactions	1,046	1,307	1,566
B. Private capital outflow (net)	684	1,030	441
C. U. S. Government spending			
1. Offshore military expenditures	829	904	757
2. U. S. economic grants and loans	<u>622</u>	<u>644</u>	<u>705</u>
Total Receipts	6,324	7,055	6,627
As a result, foreign gold and liquid dollar assets decreased (-) or increased (+)	+ 558	+1,070	+ 877

1/ -- Excludes military aid under a grant basis.

2/ -- Preliminary

U. S. Balance of Payments

The overall balance of payments of the U. S. in the third quarter did not change materially from the pattern of the previous quarter. As a result of transactions with the United States, foreign countries added \$877 million to their reserves, compared with \$1.1 billion in the second quarter. The gold outflow continued but at a greatly reduced rate.

The smaller size of the dollar gain reflected the fact that foreign countries' total dollar receipts declined more than their total dollar payments. Much of the decline in receipts was due to a drop of about \$589 million in the net outflow of U. S. private capital; this decline affected mostly Latin America, mainly the petroleum investments in Venezuela. U. S. imports remained at about the same level as in the first half of the year. A seasonal upsurge of U. S. tourist expenditures abroad accounted for much of the increase in receipts listed under services and other related transactions.

Much of the decline of foreign countries' payments was accounted for by a drop in U. S. exports.

Payment Trends of Foreign Countries

As a group the industrialized countries' balance-of-payments position in the third quarter was virtually unchanged from that in the first half of 1958. These countries added \$1.2 billion to their gold and dollar holdings, bringing total gains for the first 9 months of 1958 to \$3.3 billion. Relatively steady export earnings and reduced import expenditures accounted for this continued surplus.

On the other hand, countries of the rest of the world (excluding Venezuela) in the total lost \$52 million in their gold and dollar assets in the third quarter of 1958 compared with a drop of \$201 million in the previous quarter. Reserves have declined continuously since about mid-1957, but this last quarterly loss represents a marked slowdown of the drain. The improvement, however, was not uniform; some countries continued to experience substantial losses and the reserves of others are at low levels.

The changes in reserves follow no pattern associated with a particular geographic area or major export commodity. The overall decrease in the rate of loss can be attributed primarily to (1) the delayed effect of earlier measures designed to reduce import expenditures; (2) the receipt of large credits from the United States, Western European countries and international institutions; and (3) seasonality in the export trade of some countries.

Individual Country Developments

Developments in a number of countries during the third quarter of 1958 are of special interest because of the magnitude of the changes or because of their importance as markets for U. S. agricultural exports.

The United Kingdom's gold and dollar assets increased \$37 million to a total of \$4.1 billion, only slightly below their record holdings of 1952. Preliminary indications are that reserves continued to increase in October and November. In December, Britain made loan payments to Canada and the United States amounting to about \$180 million.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries and International Institutions

Area and country	Dec. 31 : 1953	Dec. 31 : 1956	Dec. 31 : 1957	June 30 : 1958	Sept. 30 : 1958	Increase : since June 30 1958
	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
Continential Western Europe:						
Austria	246	377	460	473	561	88
Belgium-Luxembourg(& Belgian Congo)	1,107	1,239	1,190	1,400	1,477	77
Denmark	133	102	149	151	199	48
Finland	65	93	104	87	103	16
France(& dependencies) 1/	1,207	1,512	955	916	1,032	116
Germany(Federal Republic of)	1,225	3,343	4,113	4,052	4,340	288
Greece	112	187	167	135	125	- 10
Italy	821	1,270	1,533	1,682	1,844	162
Netherlands(& Netherlands West Indies & Surinam)						
Norway	1,062	1,080	1,058	1,302	1,402	100
Portugal	176	204	243	240	241	1
Spain	469	628	651	678	694	16
Sweden	153	163	129	135	137	2
Switzerland	336	483	484	462	499	37
Turkey	2,174	2,643	2,813	2,777	2,826	49
Other 2/	157	164	162	156	154	- 2
Total	<u>891</u>	<u>945</u>	<u>863</u>	<u>1,140</u>	<u>1,260</u>	<u>120</u>
	<u>10,334</u>	<u>11,433</u>	<u>15,074</u>	<u>15,786</u>	<u>16,894</u>	<u>1,108</u>
Sterling Area:						
United Kingdom	3,241	3,015	3,080	4,030	4,067	37
United Kingdom dependencies	112	107	108	105	104	- 1
Australia	n.s.s.	191	211	222	224	2
India	347	324	330	329	321	- 8
Union of South Africa	215	278	256	184	217	33
Other	376	242	258	265	270	5
Total	<u>4,291</u>	<u>4,157</u>	<u>4,243</u>	<u>5,135</u>	<u>5,203</u>	<u>68</u>
	<u>2,519</u>	<u>2,996</u>	<u>3,195</u>	<u>3,432</u>	<u>3,376</u>	<u>- 56</u>
Canada						
Latin America:						
Argentina	503	370	263	266	245	- 21
Brazil	425	550	457	451	459	8
Chile	122	138	116	127	125	- 2
Colombia	236	210	215	192	207	15
Cuba	570	514	525	503	498	- 5

Guatemala	65	91	92	91	76	- 15
Mexico	345	604	569	488	523	35
Panama	91	110	137	135	144	9
Peru	104	119	88	93	92	- 1
Uruguay	338	260	236	259	264	5
Venezuela	597	1,061	1,556	1,462	1,235	-227
Other	282	286	290	316	280	- 36
Total	<u>3,678</u>	<u>4,313</u>	<u>4,544</u>	<u>4,383</u>	<u>4,148</u>	<u>-235</u>
Asia:						
Indonesia	184	231	190	127	129	2
Iran	181	158	193	202	181	- 21
Japan	953	1,149	716	933	1,012	79
Philippines	312	300	186	180	194	14
Thailand	281	261	270	261	253	- 8
Other	408	713	785	772	730	- 42
Total	<u>2,319</u>	<u>2,812</u>	<u>2,340</u>	<u>2,475</u>	<u>2,499</u>	<u>24</u>
All Other:						
Egypt 3/	217	238	228	192	192	--
Other	69	137	169	159	143	- 16
Total	<u>286</u>	<u>375</u>	<u>397</u>	<u>351</u>	<u>335</u>	<u>- 16</u>
Total Foreign Countries 4/	<u>23,427</u>	<u>29,086</u>	<u>29,793</u>	<u>31,562</u>	<u>32,455</u>	<u>893</u>
International Institutions	3,616	3,535	2,919	3,142	3,246	104
Grand Total	<u>27,043</u>	<u>32,621</u>	<u>32,712</u>	<u>34,704</u>	<u>35,701</u>	<u>997</u>

p. Preliminary 3. Part of United Arab Republic since February 1958.

1. Excludes gold holdings of French Exchange Stabilization Fund.

4. Excludes gold reserves of the U.S.S.R. and other Western European countries.

2. Includes Yugoslavia, Bank for International Settlements (both for its own and European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

Note -- Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. U.S. Gov't bonds and notes represent estimated holdings of such securities with original maturities of more than one year.

Source: Federal Reserve Bulletin

France's gold and dollar assets rose for the first time since mid-1956. A \$116 million increase resulted from earlier corrective measures. Although French reserves amounted to \$1.0 billion on September 30, 1958, they were still \$500 million below the peak in 1956. On December 27, 1958 France devalued the franc from 420 per dollar to 493.7 and at the same time announced a comprehensive program aimed at reducing inflationary pressures.

The Netherlands, Belgium and Japan further increased their gold and dollar assets and at the same time reduced their indebtedness. All 3 had repaid part or all of their International Monetary Fund drawings (in total, \$244 million) by the end of September 1958.

Canada's gold and dollar assets declined \$56 million, in spite of an improvement in the country's trade balance. Most of this decline was accounted for by shifts in capital movements, influenced to some extent by slowdown in industrial activity.

Lower export prices continued to adversely affect Australia's balance-of-payments in 1958. As a result, foreign exchange holdings (held mostly in sterling) have been drawn upon to maintain imports. Total holdings, however, are large enough to tide Australia over a temporary balance-of-payments disequilibrium without placing undue restraints on the economy.

New Zealand's external financial position improved. This is attributed to earlier measures directed towards reducing imports and to large floatation of dollar and sterling bonds in the United States and the United Kingdom.

In general, Latin American countries continue to be adversely affected by inflationary pressures and foreign exchange difficulties. Some have stabilized their gold and dollar declines, but at low levels. In others the declines continue.

Mexico increased its gold and dollar holdings by \$35 million, mainly through large cotton exports.

Colombia, Chile and Peru, through stabilization programs backed by financial assistance from the United States and the International Monetary Fund, achieved near-stability in the level of their gold and dollar assets, particularly in the third quarter.

Cuba's gold and dollar holdings continued to decline and dropped \$27 million in the first 9 months of 1958. Capital flight and some dislocation of trade due to the revolution contributed largely to this decline.

Less favorable conditions in petroleum markets and reduced movement of U. S. private capital contributed to the \$227 million drop in Venezuela's gold and dollar holdings. The decline of U. S. capital inflow was partly seasonal and partly related to taxation problems in that country.

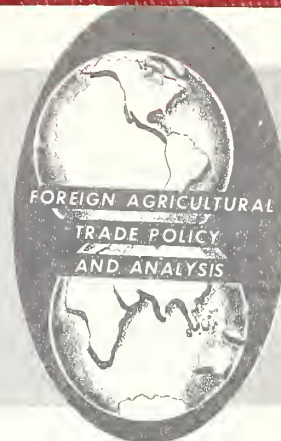
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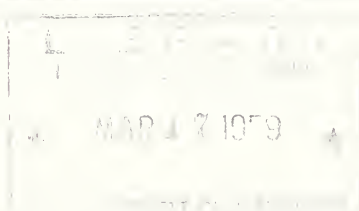
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INDIA'S 1957-58 CROPS DOWN, BUT

RECOVERY LIKELY IN 1958-59

A drop in agricultural production in the 1957-58 crop year upset the planned progress of India's 5-Year Plan. A large part of the gain in agricultural output during the past 4 to 5 good crop years was erased and the Indian goal of self-sufficiency in foodstuffs seemed more difficult to achieve.

The production of food grains and pulses in 1957-58 dropped 9.8 percent to 63.0 million metric tons from the 69.8 million tons in previous year. Imports of wheat and rice totaled 3.6 million metric tons in 1957-58 compared with 2.9 million tons in 1956-57. Cotton, peanuts, and grain sorghums were the only important crops which were greater than a year earlier. The agricultural production index for all commodities for 1957-58 was 113.4 compared to 123.8 in 1956-57 and 114.3 in 1953-54.

Because of the drop in production with resulting less food, domestic food prices were forced upward. A larger amount of income was required for the purchase of food and less purchasing power was available for other consumer goods. This was especially noticeable in cotton textile consumption.

The 1958-59 food grain crops are estimated at record levels. Rice production is forecast at over 29,000,000 metric tons, compared to 25,220,000 in 1957-58. Corn output is expected to equal last year's 3,113,000 metric tons. And the outlook for the spring 1959 wheat crop is very good. Other grains and pulses are also forecast at or above last year's levels. Jute production is estimated at a record 5,178,000 bales (400 pounds net).

Agricultural Production

Food grains and pulses - India's production of food grains and pulses fell 9.8 percent in 1957-58 (6.8 million metric tons) compared to the previous year. The big decreases were rice, by 12.2 percent; wheat, 17.8 percent;

and pulses 19.9 percent. Barley and the small millets also decreased somewhat. Jowar and bajra showed large increases while corn and ragi were slightly above the previous year.

The total 1957-58 food grain production was 53,655,000 metric tons compared with 58,161,000 in 1956-57 and pulses dropped from 11,687,000 tons in 1956-57 to 9,363,000 in the past year.

Wheat imports for 1957-58 were 2,551,440 metric tons from the United States, 481,940 from Canada and 15,690 from Australia, or a total of 3,049,070 metric tons. Rice imports were 491,880 metric tons from Burma, 14,910 from North Vietnam and 4,330 from the United States, or a total of 511,120 metric tons.

The decrease in production in 1957-58 was partly offset by increased imports of 621,924 metric tons more of wheat and rice than in 1956-57, making a total availability of food grains and pulses, excluding stocks, of 66,578,190 metric tons compared with 72,785,000 in 1956-57. Central Government grain stocks on July 1, 1957 were about 760,000 metric tons and by July, 1958 had actually increased to 1,040,000 tons as a result of the large import program. However, the program was reduced for the period July-October and exceptionally heavy demand from the food-scarcity areas reduced this stock to 400,000 tons by October 1, 1958.

Even though the apparently favorable stocks and the import program, which was primarily Public Law 480 wheat, made it possible for India to provide food grains through 1957-58, there were difficult problems. Food prices began rising after March 1958 and in late August were the highest since the country's independence. The high prices and food shortages in local areas caused numerous agitations against the government.

The Public Law 480 agreements signed in June and September, 1958 between India and the United States authorize the sale for Indian rupees of 3.9 million metric tons of grains, most of which will be shipped in 1959. And with the expected good crops, food grain availability should be much higher than last year.

Oilseeds - The 1957-58 production of the 6 major oilseeds decreased 3.4 percent from the previous year. Peanuts, the leading oilseed crop, showed a small increase, but sesame, rape and mustard, castor beans, and flaxseed were all down. Coconuts in terms of copra are estimated about the same as the previous year. Cottonseed production increased, but only a small amount of this is crushed for oil.

The big news in Indian oils during 1958 was the cancellation of export duties on oilseeds, oilcakes and vegetable oils and the release of edible oils and Hand Picked Select peanuts for export. This measure was in line with a total export promotion program by the Indian Government to increase foreign exchange earnings. Actually exports of vegetable oil, oilseeds, and oil cakes showed a 40 percent decrease for 1957 compared with 1956. India is barely self-sufficient in vegetable oil production and consumption of both edible

and non-edible oils is increasing. In good production years a small exportable surplus may continue, but currently, demand exceeds supply. So, domestic prices are higher than world prices, limiting exports to non-edibles and to small edible sales in the Indian Ocean area.

Sugar - Following several years of rising acreage and production of sugarcane, 1957-58 production leveled off. Acreage in 1957-58 decreased slightly from 5,057,000 acres in 1956-57 to 5,021,000. Production of refined sugar declined from 2,314,000 metric tons to 2,257,000 and non-centrifugal sugar from 2,946,000 metric tons to 2,642,000.

India considers itself self-sufficient in sugar, with a small exportable surplus. Exports of sugar for calendar year 1957 were 149,739 metric tons, mostly to Asian and East African countries.

The Government has directed the sugar mills to pay a guaranteed price of \$8.10 per metric ton for sugarcane delivered. Also, the industry is taxed \$62.00 per metric ton of refined sugar. As a consequence the domestic sugar price is higher than the world price, so that India is often priced out of the export market. The industry agreed in 1958 to deliver proportionate production quantities of sugar for export at competitive prices and the mills will absorb the difference between the export and domestic prices.

Fruits and Vegetables - There has been an increasing use of fruits and vegetables in the Indian diet. However, in the rural and village areas fruits and vegetables are consumed in large amounts only when in season.

Potato production for 1957-58 is estimated at 1,778,000 metric tons, up from 1,701,000 a year earlier. Potatoes have generally been in ample supply and cheaper than a year earlier. Dry chillies also increased in production from 348,000 metric tons in the previous year to 361,000 in 1957-58. Exports increased from 1,000 tons to 5,000 tons, mostly to Ceylon. Statistics are not available for production of bananas, papaya, sweet potatoes and tapioca for 1957-58, but it is believed to have been at about the same level or slightly smaller than a year earlier. Apples, citrus, walnuts, almonds, cherries, apricots, leechis and fruits were at higher production levels than a year ago. The mango crop was reduced nearly half in north India and output was lower in south India.

Livestock - There was no improvement in the livestock industry during the year. The slaughter ban continues on cattle and buffalo although a small relaxation was authorized to allow the kill of old bulls and old bullocks. The meat industry is limited chiefly to goats and few sheep.

Consumption of livestock products is very low in India. Total average daily intake of calories is about 6 each for meat and fish, 111 for milk and 1 for eggs.

Fiber - Cotton was one of the few crops in 1957-58 whose production continued to expand. This is a result of a larger harvested acreage as yields continued at about the same low level of less than 100 pounds per acre. The Government cotton production figure shows the 1957-58 production at 4,753,000 Indian bales (392 pounds), an increase of 18,000 bales over the

previous year. (Trade estimates run higher than the official figures.) There was a shift in production in 1957-58 to more short staple growths and less of the long and medium staples.

Both cotton imports and exports decreased in 1957-58 from the previous year. For the Indian cotton year September-August, cotton imports for 1957-58 were 422,433 Indian bales compared to 607,512 the previous year. Cotton exports were 278,983 bales in 1957-58 compared to 301,512 in 1956-57.

According to the trade the past year has been a difficult one financially for the Indian textile industry. The forecast of increased per capita consumption of cloth has not materialized.

Although exports of cloth for calendar year 1957 increased over calendar year 1956, the pattern has been reversed for the first 7 months of 1958 when cloth exports dropped 32.2 percent from the same period in 1957.

The cotton textile industry suffered from large cloth stocks, lower domestic prices, and decreased exports, although part of the excise duties on cloth were removed during the year, giving some relief to the industry.

Jute production decreased 5 percent to 4,088,000 bales (400 pounds) in 1957-58 from 4,288,000 bales in 1956-57. Imports from East Pakistan increased to 695,000 bales compared to 646,000 in the preceding year. Exports of jute manufactures in calendar year 1957 were 873,400 metric tons valued at \$240 million compared to calendar year 1956 of 876,000 tons valued at \$238 million. Prices of both raw and manufactured jute in 1957-58 were below the previous year. Prices have again declined recently upon announcement of a record jute crop.

Wool production is estimated at 74 million pounds on a raw, grease basis. Wool exports for 1957 were 37,839,335 pounds valued at \$24,366,896 and imports of wool and tops were 19,773,335 pounds valued at \$26,501,825. Woolen mills and cottage industry woolen manufactures have enjoyed a small but steady increase in production since 1953-54. Although the woolen industry is small, it is making steady, sound progress.

Special crops - Indian tea production for 1957-58 at 302,260 metric tons, dropped a little from the previous year although there has been an expansion of 15,000 acres. South India increased production while unfavorable weather caused a fairly sharp fall in production in the North Indian tea gardens.

Tea exports for calendar year 1957 fell to 443 million pounds valued at \$259 million compared to 524 million pounds valued at \$300 million in 1956. The tea industry continues to have a good export outlet for the top quality teas but are having difficulty moving common teas. The competition from Ceylon and Indonesia eased during the recent disturbances in those countries and resulted in a little boost in demand and price for Indian teas. A recent Government announcement of lowering excise taxes and export duties on teas may encourage domestic consumption but is not likely to materially improve the competitive position of common teas for export.

Tobacco consumption continues to expand. 1957-58 was a good tobacco year from the standpoint of quality but production decreased to 256,000 metric tons from 298,700 in 1956-57. Exports for calendar year 1957 totaled \$26,958,446 and imports were \$2,794,755.

Coffee production in 1957-58 increased to 43,890 metric tons compared with 42,370 the previous year. Coffee consumption in India shows a small annual increase but the Coffee Board has been having difficulty moving the balance of the increasing production into trade channels. Total exports for calendar year 1957 were 269,930 cwt. valued at \$16,240,219.

Agricultural Trade

Export promotion - India has launched an intensive program to promote and increase exports. An Export Promotion Directorate has been organized in New Delhi and commodity promotion councils or groups were activated or rejuvenated for most of the important exports. Activities of these organizations include promotional work in consuming or potential consuming countries, participation in foreign exhibits, trade missions and numerous surveys and efforts to standardize qualities, improve packaging, and, probably most important, try to get the Central and State Governments to remove or reduce taxes and decrease freight rates.

In spite of the impressive efforts being made by India in export promotion, the expansion of sales of agricultural commodities will be slow. While the world consumption of the products India has to export will increase with economic development and population increases, competition for this potential increase will remain keen.

Exports - The total value of the principal agricultural commodities exported in calendar year 1957 decreased from 1956; however, the total export value of all commodities increased 9.5 percent.

The commodities that showed increased foreign exchange earnings in calendar year 1957 were sugar, fruits and vegetables, coffee, wool, hides and skins, cotton cloth and jute. Those that decreased were food grains, vegetable oils and oilseeds, cashews, spices, tea, cotton and tobacco.

Tea and jute account for about 60 percent of India's agricultural exports and usually around 40 percent of all exports. India has had a premier position with these 2 commodities for many years. However, competition for the tea market is increasing from Ceylon, Indonesia and East Africa, and India is having difficulty adjusting its prices to remain competitive. Jute competition is increasing from Pakistan fiber sources as well as other materials such as paper and cotton products.

The third most important export commodity is cotton manufacture which is having a difficult time. For many years India has had a good gray cloth trade with the United Kingdom as well as a big market in Asian and African countries. But the dumping of textiles into the markets by Red China has upset the old pattern and India has lost some of its cloth sales.

The forecast for calendar year 1958 is for exports of agricultural commodities to be slightly less than 1957, and for exports of all commodities to be considerably less. An important factor in connection with India's export future is the trade with the communist countries, carried out under bilateral agreements which amount to a type of barter.

Imports - India's import policy is dictated by its foreign exchange balances. Only the essential consumer commodities and those needed in the development program of the 5-Year Plan are authorized import licenses.

The Finance Ministry considers agricultural commodities to be outside of the 5-Year Plan. However, India's inability to produce its food and fiber requirements makes it necessary from a political standpoint to import food grains and other commodities. Experiencing foreign exchange difficulties and attempting to import as much capital and plant equipment for development and industrialization as possible, the Government of India looks to the Public Law 480 program for food and fiber which permits it to conserve dollars and sterling for other imports.

In view of the decreased production in 1957-58, India's requirements for agricultural imports are greater for 1958-59. Actual calendar year 1958 imports however, will probably be about the same as in 1957. India's food grain imports for the next year will strain its port and rail handling capacity. Cotton imports were trimmed too far last year and current stocks of imported cotton are inadequate to meet mill demand. Cigarette sales continue to increase, in spite of higher prices on those made from imported U.S. leaf. The estimated annual import requirement of 2 million pounds of U.S. leaf has proven to be too conservative.

The demand for dairy products, especially milk powder and infants' food exceeds imports so much that it is impossible to estimate the actual need. Wool demand is slowly increasing and the estimated import requirements are slightly above last year's. India has always been considered an exporter of edible oil; however, increased domestic consumption has reduced a part of the exportable surplus and some imports may be needed during the current year.

U. S. Trade - The United States ranked second only to the United Kingdom as India's major trading partners in 1957. Twenty-one percent of India's exports went to the United States and 17 percent of its imports originated there.

One-third of India's total exports to the United States in 1957 consisted of agricultural products and included cashew nuts, tea, castor oil, wool and pepper. Agricultural imports constituted slightly more than half of total imports from the United States in the same year and included wheat, cotton, rice, milk, and tobacco.

Table 1 - INDIA: Acreage and production of principal agricultural commodities, 1956-57 and 1957-58

Crop	Acreage		Production	
	1956-57	1957-58	1956-57	1957-58
	1,000 acres		1,000 metric tons	
Food grains:				
Rice	79,320	79,027	28,736	25,218
Wheat	33,580	29,657	9,464	7,777
Jowar	40,367	41,411	7,365	8,185
Bajra	27,884	27,453	2,931	3,622
Ragi	5,831	5,897	1,743	1,743
Small Millets	12,230	11,979	1,996	1,787
Corn	9,197	9,762	3,057	3,113
Barley	8,726	7,531	2,872	2,210
Pulses	58,215	54,655	11,687	9,363
Total food grains (inc. pulses)	275,350	267,372	69,851	63,018
Oilseeds:				
Peanuts (shelled)	13,450	14,457	2,846	2,895
Rape & mustard	6,311	6,050	1,042	920
Sesame	5,446	5,268	449	369
Cottonseed	--	--	1,684	1,691
Flaxseed	4,156	3,318	390	275
Castorseed	1,415	1,325	126	99
Total oilseeds	30,778	30,418	6,537	6,249
Special crops:				
Sugarcane:	5,057	5,021		
Refined			2,314	2,257
Gur			2,946	2,642
Tobacco	1,029	926	299	256
Potatoes	702	770	1,701	1,778
Black pepper	221	229	27	26
Dry ginger	39	39	15	14
Dry chillies	1,476	1,534	348	361
Tea	775	790	303	302
Coffee	240	240	44	44
Rubber	184	184	24	24
Copra	1,582	1,582	630	630
			1,000 bales 1/	
Cotton	19,893	20,158	4,735	4,753
Jute	1,908	1,754	4,288	4,088
Mesta	733	726	1,478	1,211

1/ Cotton bales are of 392 pounds net; jute and mesta bales 400 pounds net.

Source: Official crop estimates, Government of India and Foreign Agricultural Service estimates.

Table 2 - UNITED STATES: Principal agricultural imports from India, 1955-57

Commodity	1955		1956		1957	
	Metric Tons	1,000 Dollars	Metric Tons	1,000 Dollars	Metric Tons	1,000 Dollars
Principal agri. imports:						
Cashew nuts	28,464	22,088	23,941	22,716	25,012	22,960
Tea	16,530	24,711	14,406	16,862	12,237	14,988
Castor oil	20,709	4,411	22,738	6,602	24,083	8,417
Wool	5,913	9,082	6,237	9,882	7,485	6,476
Black pepper	7,008	6,304	7,483	4,883	5,779	3,007
Total agricultural imports	--	90,863	--	76,878	--	70,966
Total imports from India	--	224,470	--	204,637	--	204,588

Source: U. S. trade statistics.

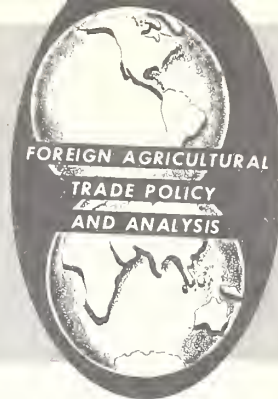
Table 3 - UNITED STATES: Principal agricultural exports to India, 1955-57

Commodity	1955		1956		1957	
	Metric Tons	1,000 Dollars	Metric Tons	1,000 Dollars	Metric Tons	1,000 Dollars
Principal agri. exports:						
Wheat	140,216	8,684	632,060	35,757	2,694,666	177,270
Cotton	3,493	2,997	32,183	25,793	46,565	36,895
Rice, milled	9,287	2,354	47,741	6,616	151,213	20,361
Nonfat dry milk	8,166	2,143	10,213	2,617	12,565	3,834
Tobacco, flue-cured	1,322	2,863	755	1,728	1,195	2,727
Food for relief or charity	--	23,737	--	13,726	--	10,873
Total agricultural exports	--	43,909	--	87,102	--	252,900
Total exports to India	--	187,055	--	266,937	--	436,929

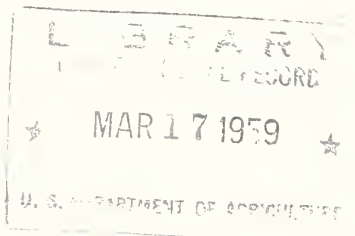
Source: U. S. trade statistics.

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



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February 6, 1959



BURMA'S AGRICULTURAL SITUATION

General Economic Conditions

Burma's agricultural production and exports revolve around rice. Income from the exports of rice and other agricultural commodities determines Burma's foreign exchange and the source and quantity of Burmese imports. As in all countries producing surplus food, the success of the crops determines the extent of capital development.

Agricultural production in 1957 was disappointing and reversed the trend of increased production and exports recorded each year since World War II. Also, Burma was hard-hit by a drop in mineral exports, and teak exports were off due to a licensing program in India. However, due to increased rice prices, the value of agricultural exports was down only 10 percent from 1957 compared to a 20 percent drop in volume.

Last year, 1958, Burma's weather was favorable and there was a generally good harvest of summer and fall crops. Total agricultural production may exceed prewar levels for the first time. Stocks of most food items, which were down in 1957 and early 1958, are now much improved.

Burma, as an underdeveloped agricultural country, has ambitious plans to increase its production. It hopes to expand exports and to achieve self-sufficiency in many agricultural items which it has to import either as raw materials or as manufactured goods. However, imports of cotton textiles, vegetable oils, dairy and wheat products, jute, and tobacco will be required for some time. A new item in Burma's list of imports this year will be U.S. raw cotton, purchased under Public Law 480 for Burma's single cotton textile mill.

Situation by Commodities

Rice--The 1958 rice crop promises to be above normal at about 5.4 million metric tons, milled, compared with 3.9 million in 1957. Recovery in yields accounts for most of this increase; there was also some expansion of acreage. Weather conditions, more favorable than during the previous year, contributed to the larger yields and enabled farmers to prepare more land and use more draft power. Burma expects to have an exports surplus of 2.4 million tons of milled rice from this crop, compared with 1.7 in the poor year 1957. It is expected that Burma's export availabilities will be greater than the demand for rice for cash sales.

In the last 6 months of 1958 rice shipments were low due to the dock labor troubles and the low carryover stocks from the poor 1957 rice harvest. It is expected they will be heavy in the first 6 months of 1959.

Cotton--Dryness at planting time in certain areas reduced the cotton crop for 1957. Final estimates for the 1958 crop are not yet available; however, it is anticipated that it will be below normal though better than the previous year. These poor crops result in reduced exports, but there is sufficient poor quality, short staple cotton for Burma's textile mill. The additional requirement of the mill for medium staple cotton will be imported and this is available to Burma under a Public Law 480 agreement. Cotton textiles, which are among Burma's largest imports, are expected to be over \$22.5 million in the fiscal year 1958-59.

A Public Law 480 agreement signed May 27, 1958 will provide Burma with \$13.6 million worth of raw cotton. The cotton may be used to pay for the cotton content of textiles purchased from processing countries, or raw cotton may be imported directly for Burma's own mill. Burma now plans to use \$1.0 million for raw cotton for the local mill and the remaining \$12.6 million to bring in cotton yarn and textiles. The main processing countries will be Japan, India, the United Kingdom, and West Germany.

Sugar--Burma's sugar production in 1958 is expected to increase. Two mills were completed and are expected to be operating the entire season. Prior to the crushing season, which began in November, Burma had imported 10,000 tons of sugar. If the mills operate efficiently, no more sugar should need to be imported this year. In 1957 before the completion of the new mills, Burma imported 20,000 tons of raw sugar.

Jute--Jute, an extremely minor crop in Burma, is expected to increase in the near future. Since jute is one of Burma's large import items, the Government by initiating a support price has attempted to encourage jute production to conserve foreign exchange. This year pump irrigation 2 months before the monsoon has enabled the farmer to harvest a jute crop in time to plant rice on the same land. Thus, jute production does not displace riceland as in the past. Although Burma's jute production has increased considerably, the quantity is still not significant and supply does not meet the needs of

Burma's jute mill. The type of jute produced is of superior quality, of which 40 percent should be exported and 60 percent supplied to the mill. It is financially advantageous to export the superior quality jute and import cheaper jute from East Pakistan.

Tobacco--The Government of Burma has had a concerted drive to expand production of Virginia type flue-cured tobacco, and production and consumption of cigarettes has increased appreciably. More domestic Virginia-type tobacco is replacing the expensive flue-cured tobacco imported from the United States. Prices of cigarettes have been decreasing correspondingly. Improved manufacturing methods, filter tips, blending and packaging have resulted in a better product, and rebate systems of "give-away" programs have increased consumption.

Burma has an import duty of 200 percent ad valorem on unmanufactured tobacco. This discriminates against the United States since imports of unmanufactured tobacco are supplied almost entirely from the United States under Public Law 480. Very shortly after the first Public Law 480 agreement was signed on February 8, 1956 the Burmese Government increased the import duty from 100 percent to 200 percent ad valorem, and the Public Law 480 tobacco has entered Burma at this higher rate. This high import duty has to a significant extent curtailed the purchase of U.S. tobacco even under Public Law 480 and reduced the amount of U.S. leaf contained in the average cigarette manufactured in Burma. Attempts to get this import duty lowered have so far been futile as the Government claims the duty is protecting the local producers of Virginia type flue-cured tobacco, and that even at the present price, cigarettes have been cutting into the consumption of locally produced cheroots, another industry which the Government contends must be protected.

Miscellaneous Crops--Production of millets, corn, pulses and oilseeds are expected to be at least normal in 1958, and supplies of pulses, rubber and corn should be available for export. Supply prospects for root crops, vegetables, fresh fruit, meat and eggs appear good. Import requirements will continue for edible oils, fruit products, dairy products, wheat and wheat flour, animal fats and fish products.

Outlook

Burma has a large potential for increased and more diversified agricultural production. Its output could be much increased through reclamation, expanded irrigation, improved credit facilities, and more intensive cultivation. Not all of the old land producing before the war has yet been brought back into production.

Yields could be increased with the use of fertilizers and insecticides, and simple types of equipment could be brought into wider use. Also, there are possibilities for more multiple cropping. Higher farm prices than prevail under the current marketing system would encourage greater farm output.

The Government has extensive plans to expand production and diversify crops in order to attain self-sufficiency and increase exports and foreign exchange earnings. Experience with jute and sugarcane has proven that with Government assistance and subsidy, the production of desired crops can be increased. Burma now imports agricultural commodities such as sugar, wheat and wheat flour, soybean oil, peanut oil, raw cotton, tobacco, and jute that could be produced in sufficient quantity to meet domestic requirements. With better milling of rice and with improved grading and standardization of agricultural products, Burmese exports could command better prices in the world market. Were these increased earnings to be passed on to the farmer there might be an incentive to purchase fertilizers, insecticides and equipment to produce larger yields.

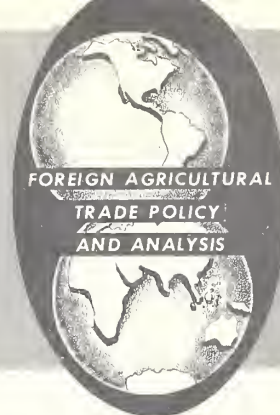
Burma: Acreage, Production, and Net Trade of Principal Agricultural Items
1957-58 and Forecast 1958-59

Commodity	1957-58			Forecast 1958-59		
	Acreage	Pro- duction	Net ^{1/} Trade	Acreage	Pro- duction	Net ^{1/} Trade
	1,000 acres	1,000 metric tons	1,000 metric tons	1,000 acres	1,000 metric tons	1,000 metric t
Rice, milled ^{2/}	10,160	3,938	- 1,676	11,200	5,421	- 2,400
Other grains	821	121	+ 13	821	132	+ 16
Pulses	1,041	203	- 91	1,100	224	- 102
Vegetables	175	889	--	175	889	--
Root crops	45	30	--	45	34	--
Oilseeds	2,654	226	--	2,684	233	--
Fruits and nuts	480	635	+ 2	480	660	+ 2
Sugar	90	--	--	90	--	--
Centrifugal	--	43	+ 20	--	54	+ 10
Non-centrifugal	--	142	--	--	147	--
Cotton	354	12	- 7	347	14	- 9
Jute	15	6	+ 8	30	11	+ 5
Tobacco	143	49	+ 1	144	49	+ 1
Rubber	--	17	- 13	--	17	- 14
Meat	--	94	--	--	94	--
Milk and butter	--	274	+ 20	--	274	+ 20
Eggs	--	91	--	--	91	--

^{1/} + = Imports; - = Exports.

^{2/} Milled 66.7 percent.

FOREIGN AGRICULTURE CIRCULAR



U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

FATP 8-59
February 13, 1959

COMMODITY REPORTS REVIEW

PROSPECTS FOR FOREIGN TRADE

The Foreign Agricultural Service has just published a series of separate reports of "Prospects for Foreign Trade" covering 6 major U. S. agricultural commodity groups.

The commodities covered are: Cotton; Dairy and Poultry Products; Food and Feed Grains (& Dry Beans, Dry Peas, Seeds, Hops); Fruits, Vegetables, and Tree Nuts; Livestock and Meat; and Oilseeds and Oilseed Products. A study for Tobacco will be released later. The reports for each commodity review the general export situation, world factors affecting the marketing outlook, and current market development efforts to expand exports.

Single copies of any of the commodity reports may be obtained by writing the Foreign Agricultural Service, U.S. Department of Agriculture, Washington 25, D.C.

Highlights of each commodity report follow:

Cotton: Some reversals are taking place in world cotton supply-demand relationships in 1958-59 season. World production has again turned upward, following moderate decreases the past 2 years. Because of this, and recent declines in world consumption, production this season will exceed requirements for the first time in 3 years. Prices have weakened, trade will be smaller, and carryover will increase.

Resumption this season of the upward trend in world cotton production, especially abroad, came at a time when steadily increasing consumption was being slowed in foreign cotton exporting countries and reversed in major importing countries. The current textile recession affecting many cotton importing countries has caused textile inventories to accumulate in some countries and the cotton market to stagnate. Prices of foreign growths have declined -- some to postwar low levels. Cotton importers have limited purchases to nearby needs, and world trade this season, despite substantial price drops for foreign growths, will decline somewhat. Leading the decline will be U. S. exports, which, at about 3.5 million bales, will be considerably smaller than in 1957-58.

For another year, at least, production in foreign countries is expected to increase, but probably at more moderate rates. U. S. production presumably will be substantially larger in 1959 than in other recent years. Consequently, in the years immediately ahead, supplies in the U. S. and other exporting countries are likely to be fairly high.

Dairy and Poultry: World milk production is expected to be about 2 percent larger in 1959 than in 1958. Production of butter, cheese, and nonfat dry milk may increase slightly more than 2 percent. Use of milk for fluid purposes and in the production of canned and dried whole milk may increase slightly less than 2 percent.

Exportable quantities of dairy products will continue to press on limited international markets, as consumption gains in dairy exporting countries will not absorb all the increase in output. Dairy product prices in international markets, although currently higher than in early 1958, are subject to seasonal reduction and may not average out much above 1958 values.

Foreign trade prospects for U.S. dairy products in 1959 are poorer than a year ago.

World production of eggs continues to grow, but perhaps not at the rate just prior to 1958. Overall demand for eggs appears to be increasing at about the same rate as production. U.S. egg exports will probably decline in 1959. The export outlook for eggs is dominated by prospective price relationships between U. S. eggs and those from competitive countries, particularly in Venezuela, the largest U. S. egg export market. These price relationships are not expected to favor U. S. exports.

Poultry meat imports are relatively concentrated in Western Europe, Canada, and the Caribbean area. Total world trade in poultry meat, except for turkeys, is increasing and prospects are good for U. S. poultry meat exports to increase in 1959, chiefly to Western Europe.

Food and Feed Grains: World wheat production this year reached a record of 8.7 billion bushels mainly because of 500 million bushel gains in both the U.S. and the Soviet Union, a record outturn in Communist China, and a near-record crop in Australia. However, world exports this season are expected to reach 1.2 billion bushels, second only to the record 1.4 billion bushels in 1956-57. Chief reasons are a poor crop in Western Europe and India, population increases, and upward trends in total wheat consumption in many countries. The United States expects to export about 430 million bushels (grain equivalent), or a little more than a third of the world total. But competition for export outlets will be keen. Principal competitors will be Canada, the Soviet Union, Australia, and Argentina.

Mainly because of a bumper crop in Mainland China, this year's world rice crop, 471 billion pounds, is also at an alltime record. While the total volume available for export will substantially exceed a year ago, world supplies continue short of actual needs because of population gains and rising standards of living.

Substantial longterm commitments by exporters will tend to hold prices at more or less stable levels. Exports from the U. S. in 1958-59 (August-July) are expected to total 27.0 million hundredweights (rough rice) compared with 18.3 million in 1957-58. Shortage of foreign exchange continues to make it difficult to supply import requirements in most of the deficit countries except under some form of concessional sales.

Excluding grain sorghums, for which foreign data are not available, world feed grain production this year will total at least 340 million short tons against 322 million tons a year ago, due largely to a record world corn crop. However, world import requirements are expected to continue high. U. S. exports this year may exceed 9.5 million short tons compared with 9.3 million tons last year.

Fruits, Vegetables and Tree Nuts: The 1958 world crop of deciduous fruits is substantially larger than in 1957. North American crops were large, and Europe's crops set a record. Europe will need less U.S. fresh deciduous fruit this season than in 1957-58 when its crops were small. Also, 1958 canned deciduous fruit production was up in Europe and the Southern Hemisphere, and since the U.S. pack is down, fewer U. S. exports are likely. Below-average world dried fruit supplies reflect the short packs of U. S. dried apricots, prunes, and raisins. U.S. exports will be well below last season and recent years.

Mediterranean citrus crops are larger this season than last; European markets during the winter and spring will be normally supplied with Mediterranean fruit at prices lower than U. S. levels. U. S. summer orange exports for 1959, however, should exceed the relatively small 1958 volume. U.S. fresh lemon exports should continue high. U.S. citrus products exports are expected to be smaller because of higher prices.

World walnut and filbert supplies are larger and almonds smaller than in 1957-58. U. S. exports of almonds will be much smaller than in 1957-58 and imports much larger. Both U. S. walnut imports and exports should be larger this season than last.

The European 1958 potato harvest is below the relatively large 1956 and 1957 crops, but supplies for food are ample. Increased U. S. exports to Canada are likely. Total U. S. winter vegetable exports are expected to be higher and U.S. winter vegetable imports smaller than last year.

Livestock and Meat: World meat production in 1959 is likely to be moderately greater than a year earlier. Most of the increase will be pork; little or no increase in beef is expected. World meat trade rose to a high in 1957 and 1958, reflecting large imports by the United Kingdom and other countries of Western Europe. This area accounts for 85 percent of world imports. The United States increased its imports sharply. Beef imports may continue exceptionally large in 1959, in view of domestic production prospects and high beef prices.

World lard production, which totaled 8.8 billion pounds in 1958, is expected to increase slightly in 1959, reflecting a substantial increase in U.S. production. Output in most other major producing countries will remain relatively stable.

World exports of lard in 1958 totaled 625 million pounds, compared with 685 million in the previous year. U.S. exports are running about 20 percent less, accounting for the bulk of the decrease. In 1958, U.S. exports were 65 percent of the world lard trade. In 1959, however, they are expected to increase, as a result of the fairly substantial gain in domestic supply.

World production of tallow and greases in 1959 is expected to approximate the 6.2 billion pounds in 1958. However, U.S. grease production in the United States will be up somewhat, reflecting the expected increase in hog slaughter. World exports of tallow and greases totaled about 1.8 billion pounds in 1958, about 5 percent below 1957. The U. S. share of world tallow and greases trade dropped to 57 percent in 1958 from 72 percent in 1957. But U. S. exports are expected to be up in 1959.

Oilseeds and Oilseed Products: World fats and oils production in 1959 is tentatively forecast at a record 31.4 million short tons, a 4 percent increase from 1958 and 3 percent above the 1957 record. With this production, per-capita output in 1959 would be roughly 3 percent above prewar.

Expansion in 1959 is foreseen in all 5 categories of fats and oils with the most significant increase in edible vegetable oils, which are expected to attain a record high of 12.5 million tons. Most of the increase in 1959 is expected to be in the non-Communist areas -- largely in soybean oil in the U.S., peanut oil in India, Brazil, and the U.S., cottonseed oil, linseed oil and lard in the U.S., sunflower seed oil in Argentina, coconut oil in the Philippines, linseed oil in Canada, and butter in Europe. However, significant Communist expansion also is foreseen in peanut and sesame oils in China and sunflower seed oil and butter in the Soviet Union. U.S. exports of edible oils and oilseeds are expected to continue high, reflecting record shipments of edible oils under Public Law 480.

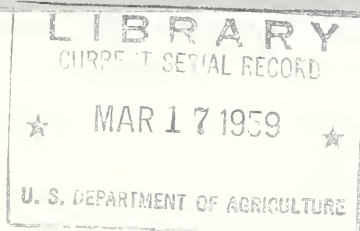
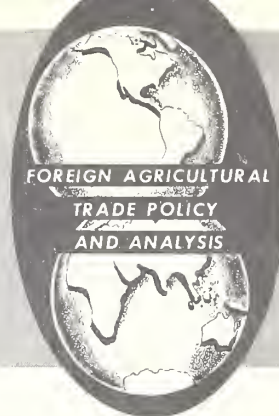
Tobacco: World production of unmanufactured tobacco in 1958 decreased to 8.3 billion pounds compared with 8.6 billion in 1957 and 8.7 billion in 1956. The trend toward light tobaccos (flue-cured, Burley, oriental, and Maryland) continues to gain. World production of these types continues upward but this trend was temporarily interrupted in 1958 with important decreases in Greece, Yugoslavia, Turkey, and India. In 1958, U.S. production of flue-cured, the main U. S. export type, rose about 100 million pounds above the 1957 level but was still the second smallest crop since 1943. World consumption of tobacco products continues upward with a continuing shift to cigarettes.

Non-Communist exports in 1958 were 1,440 million pounds, about the same as in 1957. The U. S. share decreased to 33 percent compared with 36 percent in 1956 and 38 percent during 1950-54. U. S. exports in 1958 decreased to about 475 million pounds (export weight) compared with 501 million in 1957 and 510 million in 1956. This downward trend is expected to continue in 1959.

Production in foreign countries continues to rise, prices for U. S. tobaccos (especially in the low and medium grades) continue above prices of foreign tobaccos, and trade barriers limit the exports of U. S. leaf. Increasing gold and dollar reserves in Western Europe, rising world demand for light-type cigarettes, and increased supplies of U. S. flue-cured from the 1958 crop are expected to limit the decline in U. S. exports in 1959.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



F A T P 9-59
February 26, 1959

CHILEAN AGRICULTURAL AND

TRADE SITUATION FOR 1958

Record Chilean crop production during 1958 provided increased supplies for consumption and export and permitted a substantial reduction in imports of agricultural products.

The current outlook appears less favorable for crop and livestock production during 1959. However, Chile is expected to continue efforts to reduce imports and encourage expansion in exports of agricultural products during the coming year to offset reduced foreign-exchange earnings from copper sales.

Production in 1958 was encouraged by government policies, initiated under the economic stabilization program, which liberalized price and trade restrictions formerly applied to many important food products. Weather was favorable for all crops except citrus fruits, which suffered some frost damage. Total food output rose from 4.2 million metric tons in 1957 to an estimated 4.9 million in 1958. Record crops were harvested for wheat, barley, oats, potatoes, edible oils, and sugar. Production of dairy products and most other crops exceeded that of recent years.

Consumption was greater in 1958 than in 1957, although higher food prices slowed the rising trend which has prevailed during much of the postwar period. Food consumption was estimated at 5.1 million metric tons, a rise of about 9 percent above 1957. Larger quantities of feed grains, pulses, potatoes, fruits, sugar, and dairy and poultry products were sold in domestic markets. Use of meat, edible oils, and fishery products declined, while wheat remained near the previous year's level.

Food imports declined by 40 percent, with substantial reduction in wheat and edible oils more than offsetting increased purchases of sugar and beverages. Export policies were liberalized during the year by expansion of quotas and elimination of duties. However, high domestic prices for many products, relative to those in world markets, limited the rise in exports to about 12 percent.

The outlook appears less favorable for 1959. Late frost and storm damage in southern producing areas may reduce the 1958-59 wheat crop from 20 to 25 percent below a year ago, according to current estimates. Some decline is expected in other early grain crops--such as barley, oats, and rye--despite some expansion in planted area.

On the other hand, moisture appears adequate for pastures and late seeded crops. Food stocks on January 1, 1959, were maintained near the high levels of a year ago, with some increase in reserves of grains and sugar. The new Chilean Government is expected to continue price and other policies favorable to expansion of agricultural production.

In contrast to agriculture, the economic and financial situation showed little improvement. Low world prices for copper, Chile's principal export, limited foreign-exchange earnings during most of 1958, with the consequent weakening of exchange and monetary reserves. Inflation continued, with a rise of about 30 percent in the cost-of-living index during the year.

Principal Foods

Grain supplies were near record levels in Chile during 1958. The large wheat crop, estimated at 1,257,300 metric tons, permitted restriction of imports to 42,000 metric tons. The rise in wheat consumption slowed and stabilized near the 1957 level of 1.3 million metric tons due, in part, to the rise in government producer prices. Record production, estimated at 455,000 metric tons, encouraged a general rise of about 12 percent in consumption of other grains. Some expansion occurred in exports, mainly of barley, with total exports of grains expected to reach 43,000 metric tons. At the end of 1958, grain stocks were above a year ago, with carryover of wheat estimated at about 150,000 metric tons.

The outlook for 1959 is for some decline in production of most grains, despite an expansion in planted area. The 1958-59 wheat crop, estimated at about 1.0 million metric tons, may mean a deficit ranging from 200,000 to 250,000 tons. Smaller crops are expected to reduce exports of barley and oats in 1959. However, some surplus rice and durum wheat may be available for export during the year.

Production of pulse crops increased for the second successive year. The 1958 harvest of beans, Chile's most important pulse crop, was estimated at 95,000 metric tons, a rise of about 20 percent above a year ago. Production of other pulse crops (peas, lentils, chickpeas) also expanded, with a total output of 32,000 metric tons.

Rising pulse production has been offset by a steady increase in domestic consumption. Total 1958 exports of about 40,000 metric tons were only slightly above those of the previous year and considerably below peak quantities shipped to European and neighboring South American markets from 1951 to 1955. High domestic demand and export restrictions aimed at insuring domestic food supplies have in recent years encouraged some shift in production from export to domestic-type beans. The "roya" disease reduced production and export of lentils during 1958 and will probably limit any significant rise during 1959. However, favorable world prices may encourage some expansion in bean export.

Chile's large potato crop, estimated at 857,900 metric tons, contributed toward a rise in food consumption. A portion of the southern crop was used locally for industrial use and feeding, due to high transportation and marketing costs. Food supplies were supplemented by increased production of most other vegetable and truck crops. Exports of onions and garlic declined from 20,000 metric tons in 1957 to 19,000 tons in 1958, despite some rise in production.

Chile's fruit harvest increased for the second year. Exceptionally good yields of most deciduous fruits and vine crops more than offset winter-frost damage to citrus fruits. Total 1958 production amounted to 322,000 metric tons, compared with the previous harvest of 290,000 tons. Exports rose about 7 percent above the previous year to a total volume of 31,000 metric tons. There was some increase in exports of dried fruit, but much of the rise in foreign sales was accounted for by fresh fruits, such as apples, peaches, pears, and table grapes.

Chilean beet sugar production continued to expand during 1958, reaching a volume of 32,000 metric tons. A favorable demand and some development of sugar processing is expected to continue the growth of sugar beet production during the coming years. However, sugar is expected to remain one of Chile's important imports, with a volume of 200,000 metric tons needed to meet domestic needs in 1959.

Chile's oilseed production has risen to a new high since 1954, with a growth in acreage devoted to sunflowerseed and rapeseed, the principal oil-bearing crops. Total production of edible oils was estimated at 19,000 metric tons during 1958. Larger oil production, with some decline in consumption, permitted imports to be reduced from an estimated 26,000 metric tons in 1957 to 16,000 metric tons in 1958. The 1959 production of edible oils is expected to equal or exceed present production, and Chile will remain a deficit producer of edible oils, with imports near last year's level, during 1959. Argentina provides the principal source of supply under trade agreements between the two countries.

Chile's annual consumption of edible animal fats is estimated at 23,000 metric tons. Import requirements were about 7,000 metric tons. Consumption of fats should rise slightly during the coming year. Although swine production is expanding, imports may continue at the same, or slightly higher, level. Argentina provides the principal source of lard and other animal fats.

In contrast to most food crops, available supply and consumption of meat continued to decline during 1958. Quotas and marketing regulations restricted domestic slaughter during much of the year. Imports of Argentine live cattle and frozen meat by INACO, the Government regulatory agency, declined slightly. Total meat supply was estimated at 147,000 metric tons, compared with 154,000 tons in 1957. Exports of frozen mutton from Magallanes Province, in southern Chile, continued under quota at about 1,000 metric tons.

In an effort to improve efficiency in the meat industry and increase domestic meat supply, the Government recently removed slaughter quotas and permitted free movement of domestic meat throughout the country. Present estimates, based upon the possibility of larger domestic supplies, indicate a beef deficit of 20,000 metric tons during 1959.

Milk production has continued a slow expansion since price controls were removed in 1956, with current production estimated at about 800 million liters. High prices, which restricted consumption, resulted in surplus domestic production in some localities. Despite a larger domestic supply, commercial imports of dairy products during 1958 continued at a volume of 17,000 metric tons per year.

Chile depends entirely upon neighboring countries for a variety of other food imports, including coffee, tea, bananas, and other tropical fruits. Since the elimination of government subsidies and price and import controls in 1956, Chilean imports of these products have stabilized at volumes ranging from 45,000 to 50,000 metric tons each year.

Other Products

Chilean tobacco production was near the normal for recent years, with a crop estimated at about 6,000 metric tons. The bulk of the crop consisted of dark Paraguayan and Havana types, with Virginia and burley constituting about 6 percent of production. Domestic production was supplemented by 300 metric tons of imported tobacco from Cuba and the United States.

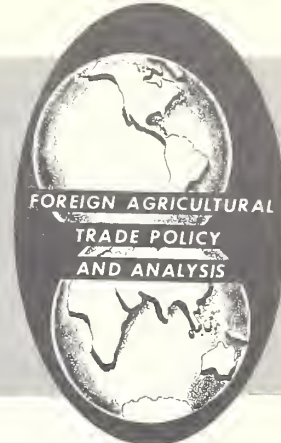
Wool production was estimated at near 22,000 metric tons, greasy basis. About 31 percent of the domestic clip, mainly Corriedale wools, is exported from producing areas in southern Chile. Chilean imports of finer wools for clothing manufacture normally average about 2,400 metric tons.

Chile depends entirely upon foreign sources for cotton needed in its textile industry. Consumption needs are currently estimated at about 18,000 metric tons, with the possibility of an increase to 20,000 tons in the next 2 years. Peru, the United States, Brazil, and Egypt have been the principal sources.

Chilean production of hemp and hemp products was 3,496 metric tons in 1958. This represents some gain over the previous year but is still below peak production, when exports of hemp products amounted to about 2,000 metric tons. Present production is supplemented by jute imports of about 2,000 metric tons to meet the needs of the domestic bagging industries. Small amounts of hemp fibers still enter foreign trade.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



F A T P 10-59
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EAST-WEST TRADE IN FARM

PRODUCTS EXPANDING

Free World exports to the Sino-Soviet Bloc, which amounted to less than 5 percent of world agricultural exports in calendar year 1957, have been growing rapidly in recent years.

From 1953 to 1957, they more than doubled, reaching \$1,277 million in 1957. During this period Free World imports of farm products from the Bloc increased 16 percent above the \$751 million in 1953.

In calendar year 1957 the United States supplied 6 percent of Free World agricultural exports to the Bloc and took 4 percent of Free World imports from the Bloc. In the 6 years prior to fiscal year 1957-58, the United States took more farm products from the Bloc than it shipped to it. In 1957-58, however, U. S. exports of farm products to the Bloc increased sharply when Public Law 480 shipments were made to Poland. U. S. farm exports to the Bloc in that year totaled \$101 million. (U. S. agricultural trade with the Sino-Soviet Bloc is discussed in Part II of this Circular.)

I. Free World - Sino-Soviet Bloc Trade

In 1957, Free World agricultural exports to the Sino-Soviet Bloc totaled \$1,277 million and resulted in a peak trade surplus with the Bloc of about \$400 million.

This surplus may be reduced or perhaps eliminated in the current season. Bumper crops in 1958 have increased the export potential of both the Soviet Union and Mainland China. Though crop production declined in Eastern Europe in 1958, output of livestock products continued to trend upward.

Whereas Free World imports of farm products from the Sino-Soviet Bloc consist mostly of foods and feeds, its agricultural exports to the Bloc consist largely of raw materials. In 1957, 65 percent of these exports went to

Table 1. Free World Exports of Farm Products to the Sino-Soviet Bloc,¹
by commodity, 1953-57

Commodity	: 1953	: 1954	: 1955	: 1956	: 1957	
	million dollars	million dollars	million dollars	million dollars	million dollars	per- cent
Wheat & wheat flour ...	2/	33	70	98	58	4.6
Rice & rice flour	2/	3/	31	23	32	2.5
Other grains	2/	22	19	37	22	1.7
Total Grains	4	55	120	158	112	8.8
Fats, oils, oilseeds ..	4/24	109	81	59	90	7.0
Livestock & products						
for food 5/.....	78	99	58	38	46	3.6
Fruits & vegetables ...	32	40	49	55	58	4.6
Sugar & preparations ..	5	7	62	26	95	7.4
Coffee	6/	6/	6/	16	14	1.1
Other foods & feeds ...	38	51	55	41	62	4.9
Total foods & feeds .	181	361	425	393	477	37.4
Cotton	75	96	159	167	284	22.2
Wool	103	141	139	121	207	16.2
Rubber 7/.....	81	56	80	172	162	12.7
Tobacco 8/.....	12	28	38	51	63	4.9
Other	41	70	86	90	84	6.6
Grand Total	493	752	927	994	1,277	100.0

1/ Soviet Union, Mainland China, and East European Communist countries excluding Yugoslavia. 2/ Not available. 3/ Included with "other grains". 4/ Excludes butter, lard, and margarine. 5/ Excludes butter, lard and margarine in 1954-57. 6/ Included with "other foods and feeds". 7/ Includes reclaimed and synthetic rubber. 8/ Includes tobacco products.

Source: Compilations of International Economic Analysis Division, Bureau of Foreign Commerce, U. S. Department of Commerce.

Eastern Europe, 29 percent to the Soviet Union and 6 percent to Mainland China. Cotton has been the largest export item to the Bloc since 1955. It also moves from East to West, but the Free World's cotton export surplus with the Bloc rose from 0.7 million bales in 1955-56 and 1956-57 to 1.3 million in 1957-58. It is expected to be as large during the current season.

Table 2. Free World Imports of Farm Products from the Sino-Soviet Bloc,
by commodity, 1953-57

Commodity	1953	1954	1955	1956	1957	
	million dollars	million dollars	million dollars	million dollars	million dollars	per- cent
Wheat & wheat flour ..	2/	72	44	66	77	8.8
Rice & rice flour	2/	45	42	59	31	3.6
Other grains	2/	51	64	95	71	8.2
Total Grains	226	168	150	220	179	20.6
Soybeans	3/	3/	43	39	34	3.9
Other fats, oils, oilseeds 4/.....	5/115	5/64	60	79	55	6.3
Livestock & products for food 6/.....	144	138	163	212	212	24.3
Fruits & vegetables ..	65	57	66	77	97	11.1
Sugar & preparations .	48	49	41	43	38	4.4
Other foods & feeds ..	41	42	56	49	68	7.8
Total Foods & Feeds	639	518	579	719	683	78.4
Cotton	8	47	57	44	38	4.4
Other textile fibers .	37	29	36	59	58	6.7
Tobacco 7/.....	5	5	8	11	11	1.3
Other	62	64	76	76	80	9.2
Grand Total	751	663	756	909	870	100.0

1/ Soviet Union, Mainland China, and East European Communist countries excluding Yugoslavia. 2/ Not available. 3/ Included with "other fats, oils, oilseeds". 4/ Excludes lard and margarine. 5/ Excludes butter. 6/ Excludes butter in 1955-57. 7/ Includes tobacco products.

Source: Compilations of International Economic Analysis Division, Bureau of Foreign Commerce, U. S. Department of Commerce.

The Bloc also will probably maintain wool and rubber imports at high levels, and continue to buy up here and there in underdeveloped countries surpluses that cannot be readily disposed of elsewhere. The latest area to receive such offers of aid through trade is Latin America, where the Bloc has purchased surplus sugar, wool, and coffee, and is making serious proposals for buying additional coffee from Brazil and Colombia.

Grains, fats and oils, livestock products for food, and other foods and feeds account for the bulk of the Free World's imports of farm products

from the Sino-Soviet Bloc. Mainland China supplied about 42 percent of these imports in 1957, Eastern Europe 34 percent, and the Soviet Union 24 percent.

Complete data are lacking for 1958, but available information indicates a striking increase in Free World imports only for rice from Mainland China. Chinese rice exports to the Free World may have amounted to nearly 2 billion pounds, compared with 595 million in 1957. Since poor crops curtailed rice exports from Burma and especially Thailand in 1958, world exports (excluding Chinese exports to the Soviet Union) are not expected to have changed much from the 1957 level.

Chinese exports of soybeans to the Free World may also have increased. Shipments northward through the Suez Canal in August-October 1958 were much larger than in the same months of the preceding 5 years, and increased purchases of Chinese soybeans have been reported for some Western European countries. But this may reflect only a shift in Chinese shipments to Western Europe from Japan. The latter is under a trade ban imposed by Mainland China in the spring of 1958.

An overall increase in Chinese soybean exports in 1958-59 is doubtful. Some reports point to a probable overestimation of the crop, and others to greater domestic consumption. A combination of these factors, plus internal transportation difficulties and stockpiling to meet future emergencies, would also help to explain the reported stoppage in December 1958 of rice sales abroad for delivery before spring. At about the same time, rice was reportedly rationed in 2 provinces.

Yet a policy of increasing domestic consumption and stocks would not preclude a decision to step up Chinese exports again in 1959. Such a decision would seem likely if the spring rice crop promises well and the export price is right. In spite of Mainland China's urgent need for foreign exchange to help promote economic development, the government may hesitate to dump rice at any price and incur the political as well as economic losses involved in disrupting the market for Southeast Asian rice exporting countries.

In the Soviet Union, the grain disposal policy apparently gives high priority to increased livestock feeding and stockpiling. Even the record 1958 crop will not suffice to build stocks to the desired level, according to Prime Minister Khrushchev, who in the fall of 1958 said: "This year we are procuring a larger quantity of grain, which will permit us not only to satisfy the needs of the country, but also to stockpile. Next year, with a good harvest--and there are conditions making it possible--we will increase the stocks still more in order to provide against all adverse conditions."

At the same time, the Soviet government shows continued readiness to use grain to further its political and economic aims abroad. Through East Germany, a country heavily dependent on imports of Soviet grain, West Germany last fall was offered 22 million bushels of wheat in exchange for hard coal and other products, purportedly to help reduce the West German coal surplus. West Germany has contracted for 1.8 million bushels in connection with this offer.

So far, however, there is no evidence of any concerted Soviet drive to dispose of large amounts of grain in the Free World this season, though the U.S.S.R. has been more active in world wheat markets. Arrangements have been made to ship 5.3 million bushels of wheat to France, which needs to import this year to meet its export commitments. A long-term agreement with Italy calls for the delivery of 2.2 million bushels of durum in 1958, the quantity to increase in succeeding years to some 7.3 million in 1961. On the other hand, the new long-term agreement with Norway provides for the annual shipment of 2.8 million bushels of Soviet wheat, as against 3.3 million under the old agreement.

Total known Soviet wheat export commitments to Western European countries (including Yugoslavia) in 1958 amount to about 29.5 million bushels, part of which can be delivered in early 1959. Outstanding contracts with Egypt called for the delivery of another 5.5 million in 1958. The combined total of 35 million bushels, not all of which may be shipped, compares with actual Soviet wheat exports to Western Europe and Egypt of 32.2 million bushels in 1957, and 31.8 million in 1956. All other Soviet wheat exports in these 2 years, except 1.5 million bushels for India in 1956, went to Sino-Soviet Bloc countries. India will again receive Soviet wheat and barley under a new long-term trade agreement signed last November. It is also known that the Soviet Union sold more wheat to Egypt in December, and is negotiating for a sizable shipment of wheat to Japan.

II. U. S. - Sino-Soviet Bloc Trade

Although the United States, the world's largest exporter and second largest importer of farm products, does business mostly with the Free World, its agricultural trade with the Sino-Soviet Bloc, while small, has been increasing in recent years.

Table 3. U. S. Exports of Farm Products to, and Imports from the Sino-Soviet Bloc and All Countries, with Comparisons, Calendar Year 1952-54
Average and Fiscal Years 1955-56 through 1957-58

Year	Exports to			Imports from		
	Sino- Soviet Bloc	All Countries	Sino- Soviet Share	Sino- Soviet Bloc	All Countries	Sino- Soviet Share
	million dollars	million dollars	per- cent	million dollars	million dollars	per- cent
1952-54						
average	1.9	3,105.0	0.1	31.9	4,219.0	0.8
1955-56	4.1	3,496.0	0.1	37.2	4,086.0	0.9
1956-57	8.1	4,728.0	0.2	34.5	3,800.0	0.9
1957-58 <u>1/</u>	101.0	4,002.0	2.5	30.7	3,930.0	0.8

1/ Includes \$95 million to Poland, mostly Title I, Public Law 480.

Table 4. U. S. Exports of Farm Products to the Sino-Soviet Bloc, by country, Calendar Year 1952-54 Average and Fiscal Years 1955-56 through 1957-58

Country	: : 1952-54 : Average	: : 1955-56 :	: : 1956-57 :	: : 1957-58 :	
	thousand dollars	thousand dollars	thousand dollars	thousand dollars	per cent
Albania	-	-	-	-	-
Bulgaria	-	-	-	20	-
China, Mainland	-	-	-	-	-
Czechoslovakia	301	80	224	943	0.9
Germany, East	704	274	247	61	0.1
Hungary	826	518	4,072	891	0.9
Korea, North	-	-	-	-	-
Mongolia, Outer	-	-	-	-	-
Poland and Danzig	2	1,676	2,698	95,229	94.3
Rumania	21	219	678	595	0.6
U.S.S.R.	7	1,332	143	3,245	3.2
Sino-Soviet Bloc	1,861	4,099	8,062	100,984	100.0

Compiled from FAS and Bureau of Census records.

The large increase in U. S. agricultural exports to the Bloc in fiscal year 1957-58 resulted primarily from the easing of U. S. controls on exports to Poland. This development facilitated exports of surplus agricultural commodities to Poland, including those from Commodity Credit Corporation stocks.

The Export Control Act of 1949, as amended, authorized the use of export controls to further U. S. foreign policy objectives and to control the export of commodities that are in short supply in the United States or the export of which could be detrimental to this country's national security. Currently these controls include an embargo on shipments to Mainland China and North Korea, and broad controls on shipments to the U.S.S.R. and other Soviet Bloc countries.

With the exception of sales to Poland, agricultural commodities acquired from Commodity Credit Corporation and commodities subsidized by the U. S. Government cannot be sold to the Sino-Soviet Bloc. Commercially-held farm products are eligible, but require special export licenses.

U. S. agricultural exports to the Bloc countries totaled \$101 million in fiscal year 1957-58 compared with \$8.1 million in 1956-57 and an average of \$1.9 million in calendar years 1952-54. Practically all of the increase from 1956-57 to 1957-58 was accounted for by Poland. Bloc countries accounted for 2-1/2 percent of all U. S. agricultural exports in 1957-58.

Table 5. U. S. Imports of Farm Products from the Sino-Soviet Bloc, by country, Calendar Year 1952-54 Average and Fiscal Years 1955-56 through 1957-58

Country	: 1952-54 : : Average :	: 1955-56 : : thousand dollars :	: 1956-57 : : thousand dollars :	: 1957-58 : : thousand dollars :	per cent
Albania	2	30	110	62	0.2
Bulgaria	274	353	365	473	1.5
China, Mainland	9,203	29	14	-	-
Czechoslovakia	452	864	2,028	1,242	4.1
Germany, East	26	12	19	12	-
Hungary	1,245	708	280	596	1.9
Korea, North	-	-	-	-	-
Mongolia, Outer	3,885	7,838	7,090	3,004	9.8
Poland and Danzig	13,862	24,964	22,059	23,409	76.4
Rumania	273	77	254	279	0.9
U.S.S.R.	2,597	2,364	2,254	1,581	5.2
Sino-Soviet Bloc	31,819	37,239	34,473	30,658	100.0

Compiled from FAS and Bureau of the Census records.

Agricultural exports to Poland, which averaged only \$2 thousand in 1952-54, increased to \$2.7 million by 1956-57 and then climbed to \$95 million in 1957-58. Sales for foreign currency under Title I, Public Law 480, accounted for \$80 million of the 1957-58 total. Cotton and wheat were the two most important items, amounting to 74 percent of the year's agricultural exports to Poland. Soybeans and soybean oil, tallow, barley, corn, and hides and skins also went to Poland.

Aside from Poland, the United States exported farm products in 1957-58 to only 6 Bloc countries: U.S.S.R., Czechoslovakia, Hungary, Rumania, East Germany, and Bulgaria. Agricultural exports to these 6 countries were valued at slightly less than \$6 million, or about as much as in 1956-57 but more than the average in 1952-56. Tallow was the biggest agricultural export to the U.S.S.R. and Hungary. Some was also shipped to Czechoslovakia. Seed corn was marketed in Rumania, Czechoslovakia, Hungary, and Bulgaria. Hides and skins were important in shipments to Czechoslovakia, East Germany, Hungary and the U.S.S.R. Soybeans, soybean oil, and hops were exported to Czechoslovakia.

U. S. agricultural imports from the Sino-Soviet Bloc, which averaged \$32 million in 1952-54, increased to \$37 million in 1955-56, and then dropped to \$34 million in 1956-57 and to \$31 million in 1957-58. The average over the past 6 years comes to \$34 million. Imports of agricultural commodities from Bloc countries were less than 1 percent of total U. S. imports of farm products in fiscal year 1957-58.

Official Business

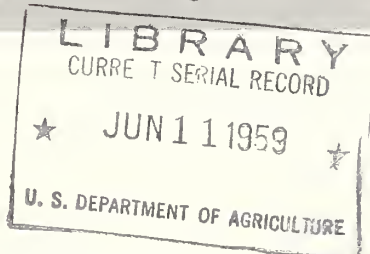
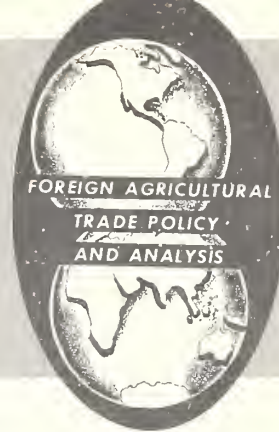
The largest share of U. S. agricultural imports from the Sino-Soviet Bloc over the past 6 years came from Poland. Imports from Poland of \$23 million were three-fourths of the \$31 million worth of agricultural commodities from the Bloc in fiscal year 1957-58. Nearly all the imports from Poland consisted of pork products, mostly specialty hams, but casein was a notable import, too.

Agricultural imports from Bloc countries exclusive of Poland in 1957-58 totaled \$8 million, including \$3 million from Outer Mongolia, \$1-1/2 million from the U.S.S.R., and \$1 million from Czechoslovakia.

Of the \$31 million of agricultural imports from the Sino-Soviet Bloc in 1957-58, supplementary commodities (items most nearly like U. S. agricultural products) amounted to \$30 million. They consisted of pork products from Poland and Czechoslovakia, hair of the cashmere goat from Outer Mongolia, casein from Poland, and sausage casings and cotton linters from the Soviet Union. The remainder of the imports consisted of complementary items, mostly licorice root and pine needle oil from the U.S.S.R., caraway seed from Poland, sage from Albania, and rose oil from Bulgaria.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 11-59
March 19, 1959

INDONESIA'S AGRICULTURAL PRODUCTION AND

TRADE AFFECTED BY ECONOMIC INSTABILITY

General Economic Situation

Indonesia's economy continues to be subject to various pressures and political instability. Income from agricultural exports has declined while the demand for food imports, particularly rice, has increased.

About 80 percent of Indonesia's 87 million people live on the land and produce most of their own food. The food shortages in recent months have been concentrated in the cities and in island areas where agricultural production is not sufficient to meet population needs. Most of these shortages have occurred not only from crop deficiencies but also from disruptions in internal transportation which have prevented commodity shipments, particularly rice, from one island to another.

More than half of the country's foreign exchange earnings are derived from the export of commercial crops, namely, rubber, copra, tobacco, tea, coffee, palm oil and sugar. Some of these exports for 1958 were estimated to be much below previous years. Chief among these were sugar, copra, coffee and pepper.

Agricultural Policy

So far, the Indonesian Government's short and long term plans for increased agricultural production have not picked up momentum. One setback was encountered in the difficult foreign reserve situation of August 1958 which necessitated a reduction in fertilizer imports from 208,000 to 169,000 metric tons, or 19 percent less than in 1957.

Indonesia's 5-year development plan for agriculture, formalized in 1956, was never given legal sanction until legislation was passed in November 1958. The plan is retroactive to 1956. Of the 12,500 million rupiahs provided for expenditure, it is contemplated that 13 percent will be used to increase agricultural production and another 25 percent will be spent on irrigation projects.

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The 20 large-scale mechanized farms provided for in the program which are to be devoted to rice cultivation are still in the planning stage. However, it is expected that some progress may be made on land clearance and construction of irrigation and drainage facilities during 1959.

The condition, ownership and production of estates continues uncertain. Fifteen hundred estates were reported in Indonesia in July 1958 covering 5.4 million acres. Of this total, over 1.0 million acres are planted in rubber, 247,000 acres in oil palms, and 208,000 acres in tea. Forty-five percent of all of the estates were formerly owned by the Dutch but are now owned by the New Government Estates Central Bureau. These estates account for about 50 percent of the total estate area.

Trade Policy

Export statistics of the major agricultural commodities indicate considerable declines in volume shipments in 1958 compared with 1957. However, with only one or 2 exceptions, no attempt has been made to account for commodities which may have entered trade channels through smuggling. Therefore, declines in exports in the last year may not have been as great as the official reports seem to indicate.

Late in 1958 and early in 1959, there was considerable activity in the renewal of bilateral trade agreements with Pakistan and India. These provide assured markets in those countries for Indonesian rubber, spices, copra, sugar and essential oils.

In October 1958, the Indonesian Government and Czechoslovak official trade interests signed a trade arrangement whereby the Czechoslovakian Government is to supply Indonesia with agricultural tractors, equipment and other machinery to be delivered between 1959 and 1961. This equipment is to be used for Indonesia's new rice development program.

In January 1959, a new trade agreement was signed with Bulgaria. Indonesia will provide Bulgaria with rubber, tea, copra, coffee, spices, cocoa, palm oil and palm kernels, and in turn will import machinery, fertilizers, cotton piecegoods and wheat flour from Bulgaria.

Commercial Crops

Sugar - Production of all types of sugar in 1958 was estimated at 1.05 million tons or only slightly below the 1.1 million tons of 1957. This included output of small producers popularly known as "molasses sugar." Exports for 1958 were destined primarily for Hong Kong and amounted to about 70,000 metric tons or about 50 percent of 1957 exports. Both acreage and production for the 1959 crop are expected to decline.

Copra - Statistics on this crop are considered the least reliable of any crop in Indonesia. Due to smuggling, barter and the widely scattered areas of production, it is estimated that 1,250,000 metric tons of copra were produced in 1958 or about 3 percent more than in 1957. Reported exports totaled about 82,000 tons but this is believed to be only about one-fourth of actual exports.

To encourage exports through regular trade channels, the Government is adopting a new plan of allowing the provinces more of the foreign exchange earned by sales of products from their local areas. In the principal copra producing areas, North Sulawesi and North Sumatra, it is expected there will be little change in production during 1959. In several areas, the trees are reaching the age when production starts to decline. Adequate replacement planting has not been done in the last few years.

Rubber - Both the production and marketing of rubber continue under rather chaotic conditions. Production in 1958 was estimated at 660,000 metric tons compared with 679,000 in 1957. Rebel activity continues in the rubber producing area of North Sumatra. A number of estates have been wrecked and burned and stored rubber stocks destroyed.

The forecast for rubber in 1959 is not bright. If estate conditions should be stabilized, the output might total about 600,000 tons; otherwise, production will probably be about 550,000 tons. The long term outlook seems to indicate even greater declines in production because of the lack of proper management and failure to replant acreages with quality stock.

Exports at the end of 1958 were estimated at 600,000 tons compared with 646,000 in 1957. However, an unknown quantity of rubber was smuggled out of the country, so that the export figure cited for 1958 is believed to be much too low.

Palm oil - Palm oil production declined from 160,000 metric tons in 1957 to 150,000 in 1958, chiefly as the result of unsettled conditions in the producing areas. Production of palm kernels was 37,000 tons compared with 40,000 in 1957.

Exports for 1958 have been estimated at 132,000 metric tons of palm oil and 33,000 tons of palm kernels. This is a gain of 2 percent in exports of palm oil and a drop of 19 percent in palm kernels compared with 1957.

Should conditions improve in the estate areas in 1959, it is expected that production of palm oil might increase to about 160,000 tons and the output of palm kernels rise to about 40,000 tons. Otherwise, production of both items will probably remain near the 1958 levels.

Tobacco - Three types of tobacco are grown in Indonesia, namely, Virginia "leaf" tobacco, cigar leaf, and krosok or cut tobacco. The crop is grown

on small holdings and also on estates. The bulk of the production is concentrated on small holdings and is krosok or cut tobacco. Latest estimates of production indicate that the total amount of tobacco produced in 1958 was about 68,000 metric tons as compared to 78,000 in 1957 or a decrease of 13 percent. The quality of the 1958 crop was considered poorer than in previous years due to an unusually wet growing and harvesting season. Forecasts for the 1959 crop indicate some increases in the Virginia-type tobacco, but this will be offset by decreases in cut tobacco. Unless the policy is changed in regard to estates, the cigar leaf tobacco is expected to decline substantially in 1959, and eventually will cease to be grown in commercial quantities.

Exports are still upset by the Government's efforts to divert commodities from the Netherlands. There are indications that the European center for disposal of Indonesia tobacco will be shifted from Amsterdam and Rotterdam in the Netherlands to Bremen, West Germany. Just what portion of the market will be shifted to Germany in 1959 is still unknown.

Tea - Production was estimated at 69,000 metric tons in 1958 or about 3 percent below 1957. About two-thirds of the tea is produced on estates and one-third comes from small farm holdings. Since the Indonesians have taken over the Dutch estates, production has been generally well maintained but the quality of the tea has declined. Exports totaled about 35,000 tons in 1958 or about the same as in 1957.

Coffee - Coffee production in 1958 continued at about the same level as in 1957, namely 65,000 tons. The bulk of the coffee is produced on small holdings and this portion of the crop is increasing while the estate production continues to decline.

Exports were reported as 30,000 tons in 1958 or 20,000 tons less than exports in 1957. This reported figure for 1958, however, does not account for quantities smuggled out of the country. This would indicate that actual exports in 1958 were somewhat higher than the figure indicated.

Hard fibers - The outlook for hard fibers, such as sisal and hemp, is not good. Until the world price situation and the general economic climate of Indonesia change, it is not expected that emphasis will be put on these crops beyond present output. In all likelihood, production and exports of hard fibers will continue to decline. Production in 1958 was estimated at 28,000 tons as compared to 33,000 in 1957 while exports for the same period rose from 27,000 to 28,000 tons.

Food Crops

Rice - Rice is one of Indonesia's main food crops. Although the Indonesian Government indicated a rice crop of 7,742,000 tons (milled basis) in 1958, an increase of about 300,000 tons over the previous year, analysts think this figure is over-estimated by about 200,000 tons. It is, therefore,

believed that 7,500,000 tons would be a more realistic figure. Production in 1958 represented about 1 percent increase over 1957, but still far short of Indonesia's 1959 food needs.

In January, the Government of Indonesia indicated that it would import about 700,000 tons of rice in 1959 on a government-to-government basis as follows: 60,000 tons from Brazil; 175,000 from Communist China; 168,000 from the U.S.S.R. and 300,000 tons from Burma. Since that time, negotiations have been completed with Thailand for 50,000 tons of rice and indications are that about 20,000 tons will also be obtained from South Vietnam.

To assure stocks and to meet the rice needs of certain sectors of the population, the Indonesian Government has announced plans to buy 980,000 tons of paddy rice from Indonesian producers during 1959. This plan for 1959 differs from programs in previous years. In addition to buying the rice at a fixed price, a system of advance payments has been adopted. The farmers, through their village chiefs, will be given an advance payment of 80 percent of the value of the rice which they agree to deliver to designated rice mills at harvest time. The 20 percent balance of the payment will be made at the time of the actual delivery of the rice. Although this new system may provide some additional incentive for farmers to sell to the Government, experience of the past few years has indicated a reluctance by farmers to sell rice to the Government at low fixed prices which sometimes have deviated as much as 50 percent below the open market price.

Cassava and sweet potatoes - Official production figures for these crops were not shown separately in 1958. Both crops together have been estimated at approximately 14 million tons. Roughly 80 percent of this total figure, or 11 million tons, is believed to be cassava. This represents an increase in production of cassava of 10 percent as compared to 1957. Cassava ranks as the third most important native food crop and is grown chiefly on the islands of Java and Madura.

Corn - Corn production increased in 1958 due to a greater acreage and favorable growing conditions, but it is doubtful that production reached the 2,200,000-ton level estimated by the Indonesian Government. Most of the corn is used for human consumption in East Java, Madura and Bali. Predictions for 1959 indicate that production will probably continue to increase and the target figure of 2,200,000 tons may be realized this year.

Peanuts and soybeans - These commodities are the only oilseed crops of any significance which are used for food in Indonesia. Practically all of their production is used locally. Peanut production in 1958 was estimated at 230,000 tons compared with 228,000 tons in 1957. The output of soybeans showed some slight increase in 1958 with production forecast at 328,000 tons compared with 327,000 for 1957. Little change in acreage or production is expected in either of these crops during 1959.

U. S. - Indonesian Trade

Rubber is the main U. S. agricultural import from Indonesia, running about 85 percent of total U. S. agricultural imports from Indonesia in recent years. The balance is made up of tea, coffee, spices and hard fibers. Cotton, rice, tobacco, wheat flour and nonfat dry milk have been the principal U. S. agricultural exports to Indonesia.

U. S. agricultural exports to Indonesia in 1956 were over 4 times as large as those in the previous year, principally as a result of the Public Law 480 agreement signed in March 1956. If a new agreement is signed this year, it again will allow the United States to enter the Indonesian market.

Table 1 - INDONESIA: Acreage and production of principal crops, 1957-58

Commodity	1957		1958 ^{1/}	
	Acreage	Production	Acreage	Production
	1,000 acres.	1,000 m. tons	1,000 acres	1,000 m. tons
Rice	16,877	7,443	17,050	7,500
Corn	5,181	1,800	5,436	2,000
Cassava	2,946	9,907	3,336)	13,890
Sweet potatoes	977	2,630	988)	
Peanuts	834	228	840	230
Soybeans	1,243	327	1,245	328
Sugar	226	1,102	239	1,048
Copra	3,531	1,211	3,583	1,250
Kapok	156	40	156	35
Sisal and manila hemp	^{2/}	33	^{2/}	28
Coffee	444	65	432	65
Palm oil	--	160	--	150
Palm kernels	^{2/}	40	^{2/}	37
Pepper	71	18	62	19
Tea	312	71	306	69
Tobacco	432	78	414	68
Rubber	1,094 ^{3/}	679	1,087 ^{3/}	660

^{1/} Estimated

^{2/} Not available

^{3/} Estates only. Total rubber area including small holdings was 4,429,000 acres in 1955.

Table 2 - INDONESIA: Principal agricultural exports and imports during 1957-58

Commodity	Imports		Exports	
	1957	1958 ^{1/}	1957	1958 ^{1/}
	1,000 m. tons	1,000 m. tons	1,000 m. tons	1,000 m. tons
Rice	563	700	---	---
Tobacco	9	2	14	15
Cassava	---	---	43	12
Peanuts	---	---	3	1
Sugar	---	---	144	70
Copra	---	---	290	82 ^{2/}
Sisal & hemp	---	---	27	28
Coffee	---	---	51	30
Palm oil	---	---	129	132
Palm kernels	---	---	40	33
Pepper	---	---	17	12
Tea	---	---	36	35
Chinchona	---	---	4	3
Rubber	---	---	646	600
Wheat flour	156	120	---	---
Cotton, raw	9	9	---	---

^{1/} Estimated. No allowances made for smuggling.

^{2/} Preliminary estimate made by FAS including quantities smuggled is 325,000 tons.

Table 3 - UNITED STATES: Principal agricultural imports from Indonesia, 1955-57

Commodity	1955		1956		1957	
	Metric tons	1,000 dollars	Metric tons	1,000 dollars	Metric tons	1,000 dollars
Principal agri. imports:						
Rubber	234,745	146,563	208,128	127,722	188,587	105,219
Tea	6,106	8,707	5,506	6,007	6,246	6,608
Pepper	5,009	4,744	4,803	2,976	7,336	3,781
Other spices	6,432	2,430	6,235	3,383	5,754	3,961
Vegetable fibers	9,000	2,495	11,000	2,904	7,000	1,608
Coffee	558	674	2,862	2,352	5,572	3,918
Total agricultural imports	---	170,880	---	148,822	---	128,086
Total imports from Indonesia	---	211,659	---	190,830	---	203,324

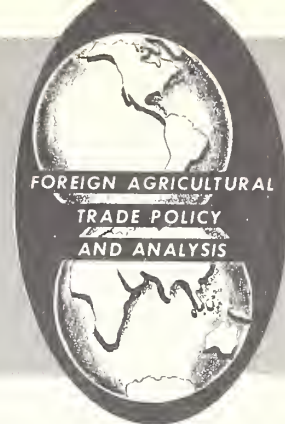
Source: U. S. Trade Statistics

Table 4 - UNITED STATES: Principal agricultural exports to Indonesia, 1955-57

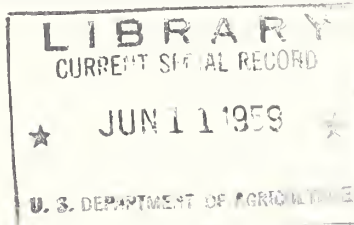
Commodity	1955		1956		1957	
	Metric tons	1,000 dollars	Metric tons	1,000 dollars	Metric tons	1,000 dollars
Principal agri. exports:						
Cotton, raw	4,465	3,873	5,440	4,222	8,702	6,168
Rice, milled	---	---	238,815	33,670	30,581	4,351
Tobacco, leaf	4,476	5,849	8,012	9,342	5,245	7,491
Wheat flour	12,746	1,345	68,720	5,935	23,088	1,950
Non-fat dry milk	751	196	2,359	613	3,084	1,293
Total agricultural exports	---	12,236	---	54,706	---	22,056
Total exports to Indonesia	---	74,693	---	139,938	---	109,271

Source: U. S. Trade Statistics

FOREIGN AGRICULTURE CIRCULAR



U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



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U. S. AGRICULTURAL EXPORTS

TOTALED \$3.9 BILLION IN 1958

U. S. agricultural exports totaled \$3,856 million in calendar year 1958, 14 percent less than the alltime calendar year high of \$4,505 million in 1957. Over half of the reduction came from the decrease in cotton exports. Other commodities that declined were wheat, rice, livestock products, and vegetable oils and oilseeds. Increases occurred in feed grains and fruits and vegetables while exports of tobacco remained practically unchanged.

Last year's agricultural exports, nevertheless, were at the sixth highest level in history. Higher export values in other years were: \$4,170 million in 1956; \$4,040 million in 1951; \$3,957 million in 1947; and \$4,093 million in 1919.

Agricultural exports in calendar year 1958 compared favorably with the 10-year (1948-1957) average of \$3,517 million. In fact, export values in the past 3 years averaged the highest on record for any consecutive 3 years.

The bulk of the decline in agricultural exports from calendar year 1957 to 1958 occurred during the first 6 months. Exports in the first 6 months were down 21 percent from a year earlier while those in the second 6 months were smaller by 7 percent.

Compared with 1957, exports of nonagricultural products also declined by 14 percent. Their value dropped from \$16,125 million in 1957 to \$13,848

TABLE 1.--U. S. agricultural exports, calendar years 1949-1958

Calendar year	Export value	Calendar year	Export value
	\$ Million		\$ Million
1949.....	3,578	1954.....	3,054
1950.....	2,873	1955.....	3,199
1951.....	4,040	1956.....	4,170
1952.....	3,431	1957.....	4,505
1953.....	2,847	1958.....	3,856

million in 1958. The principal nonagricultural reductions were in exports of iron and steel, copper, petroleum products, and coal.

U. S. agricultural exports were maintained at a comparatively high level in 1958 despite increasingly strong competition abroad. Agricultural production in the world's major exporting countries was higher in 1958 than ever before--in many countries, substantially higher.

In general, the export decline in 1958 reflected the slowdown in industrial activity abroad. More than half of the decline occurred in shipments to the highly industrialized countries that are the 5 best markets--the United Kingdom, Japan, Canada, West Germany, and the Netherlands. A number of countries, especially the less economically advanced ones, continued to rely on U. S. Government export programs such as Public Law 480 to finance substantial portions of their agricultural imports from the United States. These programs, as in 1957, accounted for about a third of U. S. agricultural shipments.

COTTON. Although nearly all commodity groups were involved, cotton accounted for 60 percent of the \$650 million overall decline in U. S. farm product exports in 1958. The value of cotton exports declined by 37 percent, from \$1,048 million to \$656 million. Foreign demand for U. S. cotton shrank after it became apparent that foreign production of cotton was increasing while consumption was turning downward in most importing countries. Although prices were down for both U. S. and foreign growths, the increased spread between the two favored shipments of the latter.

ANIMALS AND ANIMAL PRODUCTS. Exports of animals and animal products, including dairy and poultry products, declined to \$550 million in 1958, 18 percent under 1957's \$673 million.

TABLE 2.--U. S. agricultural exports,
calendar years 1957 and 1958

Commodity	: 1957	: 1958	: %
	: \$ Million	:	: chg.
Cotton.....	1,048	656	-37
Grains & feeds 1/...	1,483	1,411	- 5
Wheat & flour 1/..	886	732	-17
Feed grains 1/...	361	465	+29
Rice, milled 1/...	131	99	-24
Tobacco, unmd.	359	354	- 1
Veg. oils, seeds 1/:	452	390	-14
Fruits and vegs. 1/:	364	381	+ 5
Animals & prods. 1/:	673	550	-18
Other 1/.....	126	114	-10
Total.....	4,505	3,856	-14

1/ Includes private shipments for relief and charity, mostly CCC surpluses donated to welfare agencies under Section 416 of the Agricultural Act of 1949, as amended, and other legislation.

Primarily, the decline was due to reduced U. S. cattle slaughter, which limited the export availabilities of meats, animal fats, and hides and skins. The slaughter rate dropped because higher livestock prices and lower feed prices encouraged U. S. farmers to undertake more feeding operations and to restock range herds that had been depleted by drought. During the year, exports of dairy products and animal fats encountered increased competition abroad. Abundant supplies of feed grains had stimulated additional growth of the European livestock industry, and production was outpacing consumption.

TABLE 3.--U. S. agricultural exports by country of destination, calendar years 1957 and 1958

Country	1957	1958	Chg.
	\$ Million		%
United Kingdom...	501	409	-18
Japan.....	454	361	-20
Canada.....	355	344	- 3
West Germany.....	411	285	-31
Netherlands.....	238	205	-14
India.....	253	176	-30
Cuba.....	147	145	- 1
Spain.....	100	144	+44
Italy.....	214	142	-34
Rep. of Korea....	123	111	-10
Mexico.....	104	106	+ 2
Belgium.....	145	103	-29
Yugoslavia.....	129	95	-26
France.....	85	87	+ 2
Venezuela.....	82	84	+ 2
Other.....	1,165	1,059	- 9
Total.....	4,505	3,856	-14

GRAINS. A decline in exports of grains and feeds from \$1,483 million to \$1,411 million comprised 11 percent of the overall agricultural export drop in 1958. Wheat and wheat flour exports fell 17 percent, from \$886 million to \$732 million, reflecting principally the record European harvest in 1957. At the same time, exports of milled rice declined by 24 percent, from \$131 million to \$99 million. However, the slower movement of wheat and rice was largely offset by the 29-percent gain in feed grain exports, particularly barley and grain sorghums. Feed grain exports, excluding products, stepped up from \$361 million to \$465 million, chiefly as the result of expanding requirements for livestock feed in Europe. Last year's feed exports exceeded 10 million short tons and set a new record.

TABLE 4.--U. S. agricultural exports under specified Government-financed programs and total agricultural exports, calendar years 1957 and 1958

Program	1957	1958	Change
	\$ Million		% 1/
Sales for foreign currencies (Title I, P.L. 480)...	764	752	- 1
Famine and emergency relief (Title II, P.L. 480)...	71	84	+17
Foreign donations (Sec. 416, Agric. Act of 1949 and Sec. 302, P.L. 480).....	166	162	- 2
Barter (CCC Charter Act; Sec. 303, P.L. 480; etc.)	244	65	-73
P.L. 665, Sec. 402, and economic aid (ICA).....	318	214	-33
Total under programs.....	1,562	1,277	-18
Total outside programs.....	2,943	2,579	-12
Total agricultural exports.....	4,505	3,856	-14

1/ Computed from unrounded data.

VEGETABLE OILS AND OILSEEDS. Exports of expressed vegetable oils and oilseeds decreased from \$452 million to \$390 million. Tighter domestic supplies of cottonseed oil in 1958 were largely responsible for the export decline, but less linseed oil and flaxseed also moved out. Exports of soybean oil were larger; those of soybeans were smaller.

TOBACCO. Exports of unmanufactured tobacco declined only slightly, from \$359 million to \$354 million. Tobacco exports were well maintained primarily because smaller supplies than anticipated were available from the current crop abroad--especially in Rhodesia--but also because foreign consumption of cigarettes made substantial gains, particularly in Western Europe.

FRUITS AND VEGETABLES. Exports of vegetables and preparations totaled \$125 million in 1958, same as in 1957. Exports of fruits and preparations, however, increased from \$235 million to \$256 million. Principal gains were registered in exports of canned fruits (peaches, pineapples, and fruit cocktail), fruit juices, dried fruits, and fresh apples. Exports of fresh oranges fell further in 1958, reflecting smaller domestic supplies available for export.

TABLE 5.--U. S. exports of food for relief and charity by private agencies and individuals, calendar years 1957 and 1958 1/

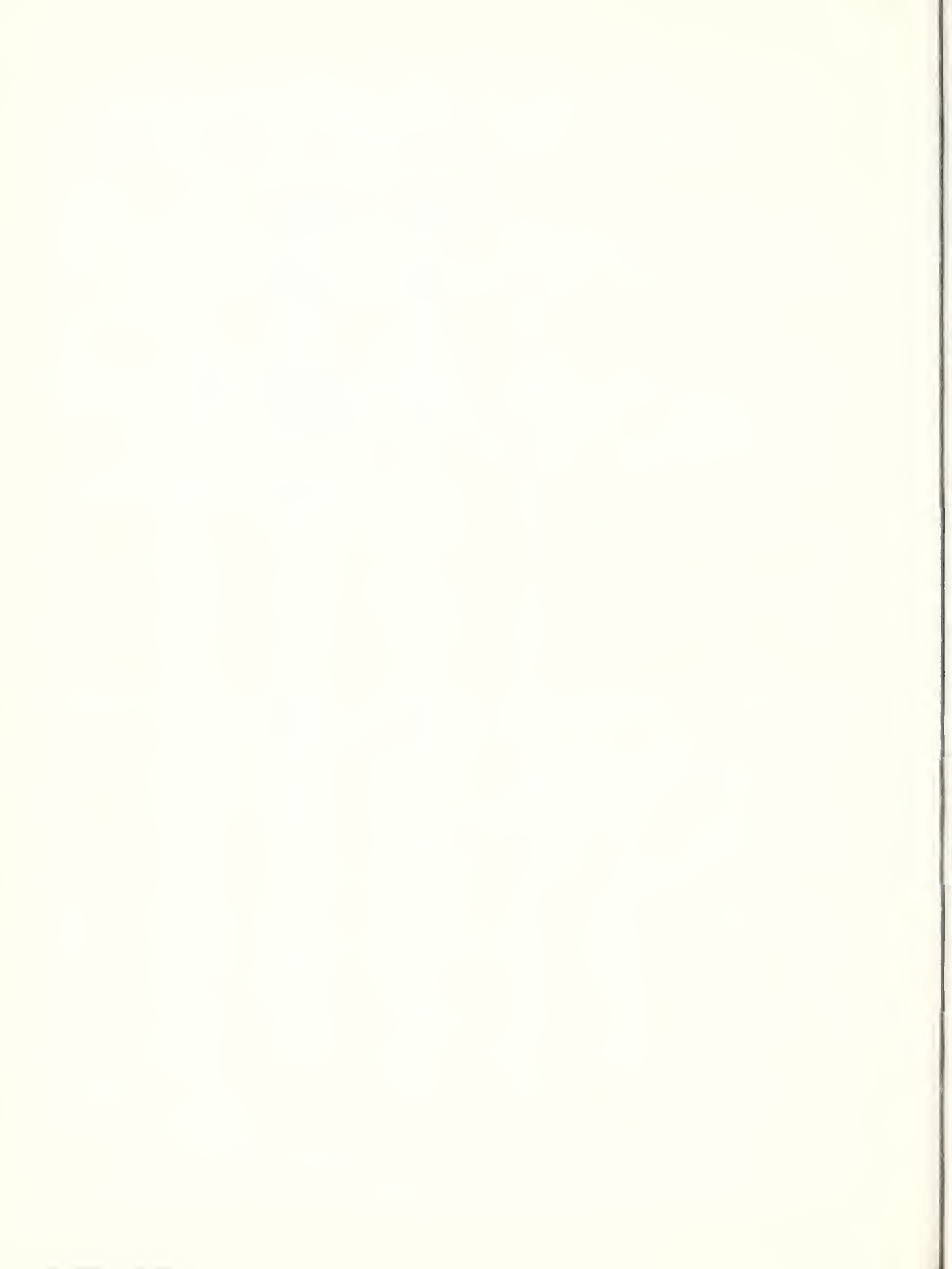
Commodity exported	Unit	Year ending December 31			
		Quantity		Value	
		1957	1958	1957	1958
		Thousands	Thousands	dollars	dollars
Milk, evaporated.....	Lb.	0	171	0	25
Nonfat dry milk.....	Lb.	410,011	437,183	57,998	52,054
Cheese.....	Lb.	143,647	131,947	41,543	34,292
Wheat, grain (60 lb.).....	Bu.	367	859	701	1,770
Flour (100 lb.).....	Bag	7,505	8,020	40,339	46,219
Corn, grain (56 lb.).....	Bu.	918	784	1,532	1,248
Corrmeal.....	Cwt.	2,956	2,905	13,483	13,824
Rice.....	Lb.	111,363	37,291	8,571	2,218
Beans, dried.....	Lb.	48,401	595	3,760	37
Soybean oil.....	Lb.	126	0	20	0
Other.....	--	--	--	2,619	2,387
Total.....	--	--	--	170,566	154,074

1/ This table lists principal commodities summarized in table 6.

TABLE 6.--U. S. exports of principal agricultural commodities, calendar years 1957 and 1958 ^{1/}

Commodity exported	Unit	Year ended December 31			
		Quantity		Value	
		1957	1958	1957	1958
		Thousands	Thousands	dollars	dollars
ANIMAL PRODUCTS:					
Cheese	Lb.	28,811	23,088	11,102	7,923
Milk, condensed	Lb.	37,868	34,981	8,571	7,857
Milk, evaporated	Lb.	164,388	127,451	25,642	20,525
Milk, whole, dried	Lb.	48,225	36,841	21,737	15,632
Nonfat dry milk	Lb.	245,635	201,510	32,205	24,200
Eggs, in the shell	Doz.	31,726	28,882	14,196	15,189
Beef and veal, total ^{2/}	Lb.	88,536	24,772	28,857	9,662
Pork, total ^{2/}	Lb.	78,000	54,248	27,702	20,590
Other meats ^{2/}	Lb.	157,619	140,724	43,291	41,046
Lard	Lb.	501,374	388,514	74,470	52,255
Tallow, edible and inedible	Lb.	1,289,500	1,044,915	111,339	90,278
VEGETABLE PRODUCTS:					
Cotton, unmd., excl. linters					
(running bales)	Bale	6,927	4,598	1,048,930	656,054
Apples, fresh	Lb.	139,265	201,889	10,974	15,981
Grapefruit, fresh	Lb.	182,314	133,063	8,082	7,738
Oranges and tangerines	Lb.	718,831	354,926	44,556	32,305
Pears, fresh	Lb.	79,867	48,874	7,125	4,665
Prunes, dried	Lb.	95,657	118,244	14,567	21,513
Raisins and currants	Lb.	82,789	51,336	13,205	11,857
Fruits, canned	Lb.	315,753	366,167	47,056	56,975
Fruit juices	Gal.	37,613	36,289	39,022	47,145
Barley, grain (48 lb.)	Bu.	55,903	120,628	60,098	129,547
Barley, malt (34 lb.)	Bu.	4,995	4,237	10,969	9,221
Corn, grain (56 lb.)	Bu.	177,995	179,281	250,775	235,619
Grain sorghums (56 lb.)	Bu.	22,287	73,794	25,608	84,519
Rice, milled, excludes paddy	Lb.	1,593,071	1,233,339	121,535	96,397
Wheat, grain (60 lb.)	Bu.	415,655	330,153	733,910	570,420
Flour, wholly of U.S. wheat (100 lb.)	Bag	26,438	27,050	112,736	114,626
Flour, not wholly of U.S. wheat (100 lb.)	Bag	53	62	236	261
Hops	Lb.	16,653	19,007	12,675	15,250
Nuts and preparations	Lb.	102,626	49,386	17,412	11,047
Soybeans, except canned (60 lb.)	Bu.	87,961	84,333	217,679	198,300
Soybean oil, crude, refined, etc. ...	Lb.	685,002	871,786	105,094	122,154
Cottonseed oil, crude, refined, etc. ...	Lb.	412,293	160,851	62,357	25,979
Seeds, field and garden	Lb.	61,312	61,174	17,256	14,812
Tobacco, unmanufactured	Lb.	500,953	482,342	359,126	354,394
Beans, dried	Lb.	261,823	215,510	17,005	16,997
Peas, dried (ex. cowpeas & chickpeas)	Lb.	76,573	151,240	5,140	8,659
Potatoes, white	Lb.	300,112	272,482	7,178	7,237
Vegetables, fresh, other	Lb.	764,139	775,313	38,716	39,177
Vegetables, canned	Lb.	239,076	189,290	31,804	28,778
Food exported for relief, etc. ^{3/} ...	--	--	--	170,566	154,074
Other agricultural commodities	--	--	--	494,845	458,745
TOTAL AGRICULTURAL	--	--	--	4,505,349	3,855,603
TOTAL ALL COMMODITIES	--	--	--	20,630,454	17,703,855

^{1/} Preliminary. ^{2/} Product weight. ^{3/} See table 5 for commodity composition.





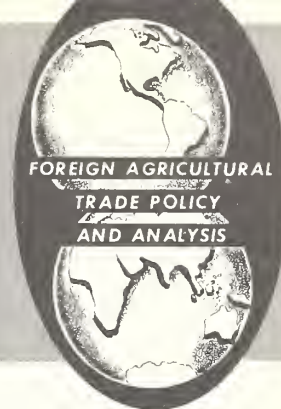
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FATP 13-59
April 22, 1959

INDUSTRIALIZED COUNTRIES MAKE RECORD DOLLAR GAINS

IN 1958; MANY PRIMARY PRODUCERS SHOW LOSSES

Summary

Total (public and private) gold and dollar holdings of foreign countries ^{1/} increased by \$3.7 billion in 1958, compared with \$711 million rise in 1957. At the end of 1958, foreign holdings amounted to \$33.5 billion, an alltime high, or more than double the total at the end of 1949.

Underlying this increase was a record outflow of gold and dollars from the United States. Foreign countries' net receipts from the United States totaled \$3.4 billion; of this \$2.3 billion was in the form of gold, purchased mainly by Western European countries. Also an estimated \$800 million in gold was obtained from new production outside the United States, from U.S.S.R. gold sales, and other foreign sources.

More than three-fourths of the world's increase in 1958 accrued to Western Europe. Of the \$2.8 billion rise in Western European gold and dollar holdings, about half was derived from transactions with the United States while much of the balance came from transactions with primary-producing countries. The balance of payments of these industrialized countries, and including Japan, benefited greatly from the decline in the prices of imported raw materials and the resulting sharply favorable shift in their terms of trade.

^{1/--} Excludes gold reserves of Soviet Bloc.

This price movement led, conversely, to a deterioration in the payments position of the primary-producing countries. Their exchange difficulties are not, however, due solely to lower export receipts. Many have embarked on ambitious development programs requiring large import expenditures for capital goods; in some, moreover, inflationary pressures also have been reflected in high imports of consumer goods and raw materials. Adjustments to declining export receipts have tended to lag, so that payments deficits have had to be met by a substantial drawing down of gold, dollars and other foreign exchange holdings (mainly sterling). Losses would have been greater had these countries not obtained large credits from international financial institutions and U. S. lending agencies.

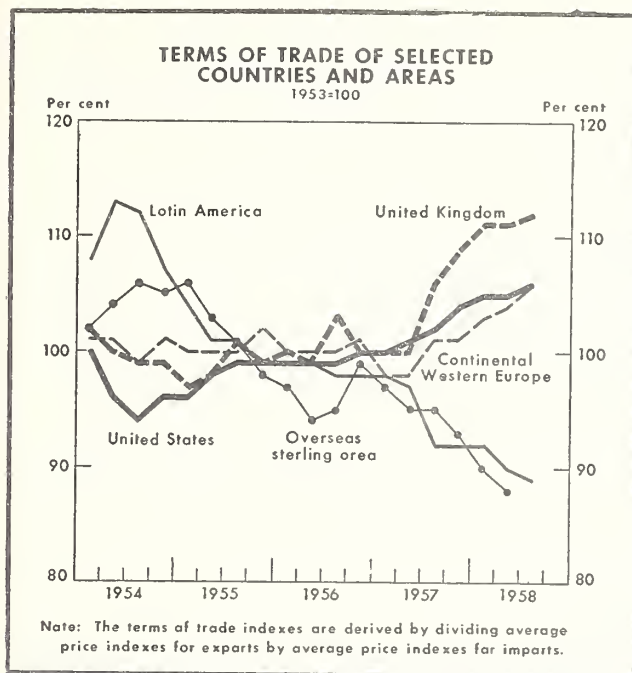
World Dollar Position and the Agricultural Export Outlook

In the more advanced countries, which are the major U. S. commercial markets, the dollar shortage has virtually ceased to exist. Thus ability to buy with dollars should not limit U.S. market opportunities. Moreover, all these countries have liberalized their trade towards the dollar area in varying degrees, and the recent adoption of external convertibility by most Western European countries will further benefit trade in the long run. Yet, U. S. agricultural exports still face many barriers. To secure further market freedom, the attitude of various interests must be moderated, such as those favoring increased agricultural protection; those anxious to secure preferential outlets for their industrial products through bilateral and regional trade and payments arrangements; and those who fear that greater trade liberalization would bring on deterioration in the dollar position.

It should be noted that in 1958 U. S. agricultural exports (excluding cotton) to the more advanced countries were about maintained and in some cases expanded over 1957 levels. In the case of cotton, the large drop in exports to these countries was due largely to reduced demand caused by a world-wide textile recession.

U. S. agricultural exports to the Central American Republics and Venezuela, which for the most part have convertible currencies, were maintained in 1958. This occurred despite the fact that a number of these countries experienced balance of payments difficulties.

In the rest of the free world, which consists largely of newly developing countries, balance of payments difficulties continue. Dollars and other convertible foreign exchange earnings are inadequate to support imports of both capital goods and consumer items such as food. Consequently, capital goods are generally given preference in exchange allocations. Thus, in the shorter run, these countries probably will continue to import U.S. farm products under special programs such as Public Law 480 sales for local currencies. In the long run, and as these economies develop, U.S. agricultural market opportunities for dollar sales should expand.



Source: Federal Reserve Bank of N.Y.

Recent World Price Movements

From the beginning of 1957 to the end of 1958, there was increasing divergence between the price trends of primary commodities and that of manufactured goods. The price index of primary commodities steadily declined, reaching an apparent low in the third quarter of 1958. Since then, these prices in total have tended to stabilize. Current indications are that the bottom may have been reached. On the other hand, following a rise in 1957 prices of manufactures dropped slightly in 1958, but far less than those of primary commodities.

Individual commodity price trends have also been diverse. For example, meat prices in 1958 compared with 1957 were up while butter and cotton prices were down; wool prices fell and rice prices rose. Rubber recovered somewhat, while nonferrous metals

stabilized, but at low levels. Coffee prices in 1958 dropped to very low levels while cocoa prices rose to near-record heights.

Factors affecting prices were also varied. Price declines of some commodities were the result of reduced demand, mainly in Western Europe and North America, while others were influenced by excessive production and supply. For still others there were shifts in both supply and demand.

U. S. Balance of Payments

In the aggregate, most of the reserve gains of foreign countries last year arose from transactions with the United States. While U.S. payments exceeded receipts by record amounts in 1958, a net outflow of gold and dollars from the United States is by no means exceptional. In each of the past 8 years except 1957, total payments by the U.S. substantially exceeded its receipts, thus contributing importantly to the easing of the dollar shortages, the rise in foreign reserves and, consequently, to the expansion and liberalization of world trade.

The record net outflow in 1958 of \$3.4 billion was due to continued high dollar receipts by foreigners combined with a sharp decline in their payments to the United States.

Foreign countries' payments to the United States amounted to \$23.5 billion, down \$4.2 billion from 1957. Most of this decline was due to a drop of

United States: Balance of Payments with Foreign Countries (non-adjusted) 1/

1956 1957 1958 2/
-- -Billion dollars --

I. Dollars paid by foreign countries for --

A. U.S. exports of goods and services

1. Merchandise	17.3	19.3	16.2
2. Services and other transactions	6.2	7.1	6.9

B. Foreign long-term investment in U.S.	.5	.4	--
---	----	----	----

C. Errors, omissions and unaccounted (net)	<u>.7</u>	<u>.9</u>	<u>.4</u>
--	-----------	-----------	-----------

Total Payments	24.7	27.7	23.5
----------------	------	------	------

II. Dollars received by foreign countries from --

A. U.S. imports of goods and services

1. Merchandise	12.8	13.3	12.9
2. Services and other transactions	4.7	5.0	5.1

B. Private capital outflow (net)	3.0	3.2	2.9
----------------------------------	-----	-----	-----

C. U.S. Government spending

1. Offshore military expenditures	2.9	3.1	3.4
2. U.S. economic grants and loans	<u>2.3</u>	<u>2.6</u>	<u>2.6</u>

Total Receipts	25.7	27.2	26.9
----------------	------	------	------

As a result, foreign gold and liquid dollar assets decreased (-) or increased (+)	+1.0	-.5	+3.4
---	------	-----	------

1/ -- Excludes military aid under a grant basis.

2/ -- Preliminary

\$3.1 billion in U.S. merchandise exports, of which U.S. cotton exports accounted for a substantial part.

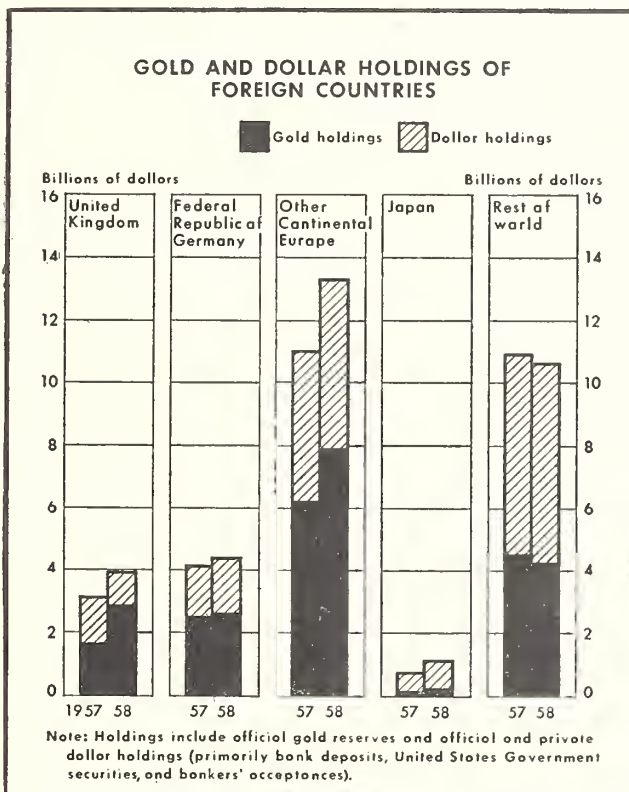
Foreign countries' dollar receipts (\$26.9 billion), declined only \$0.3 billion. U.S. raw material imports declined slightly in value but less than might have been expected. Moreover, imports of manufactured products -- notably automobiles -- actually increased substantially over 1957. Foreign countries' receipts from other sources in the aggregate remained about the same as in 1957. Against a \$300 million net decline in U.S. private capital outflow, largely because of smaller investments in petroleum, there was a commensurate rise in U.S. Government expenditures.

Country Highlights

Developments in a number of countries during 1958 are significant because of the magnitude of the changes or because of the importance of the countries as markets for U.S. farm products.

Western Europe

The past year witnessed a marked improvement in the international liquidity and strengthening of this area's payments system. Greatly improved reserves made possible the year-end move toward convertibility in Western Europe. This made the currencies involved more useful for both trading and reserve purposes.



Source: Federal Reserve Bank of N.Y.

At the end of 1958 the United Kingdom's gold and dollar assets amounted to \$3.9 billion, an increase of \$839 million during that year. Most of this improvement is attributable to one single influence: lower import prices. The volume of imports was a little lower, and exports fell quite modestly, so that the value of the United Kingdom's merchandise exports exceeded that of its imports (both on an f.o.b. basis). "Invisible" earnings, such as ocean shipping and insurance, etc., also increased and contributed to its balance of payments surplus. In December 1958 reserves fell for the first time since September 1957; this is attributed to debt repayments totaling about \$180 million, to the United States and Canada. Export earnings from sales in the United States in 1958 were the highest ever, expanding about 10 percent over 1957. The United Kingdom's balance of payments surplus continued in January and February 1959. On March 19, 1959, the United Kingdom repaid \$200 million of its \$562 million International Monetary Fund (IMF) drawing.

West Germany's gold and dollar assets topped \$4.4 billion at the end of 1958, an increase of \$294 million for that year. As before, the increase is attributed mainly to the German foreign trade surplus. But, whereas in 1957 West Germany added to its reserves through a net inflow of capital, in 1958 it became an important exporter of capital. In support of the country's role as a creditor nation, the bank discount rate was lowered from 3.5 percent in the first quarter of 1958 to 2.75 percent in January 1959.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries and International Institutions

Area and country	Dec.31	Dec.31	June 30	Dec.31	Change
	1956	1957	1958	1958 p/	since Dec.31 1957
----- Million U.S. Dollars -----					
Continental Western Europe					
Austria	377	460	473	612	152
Belgium-Luxembourg(& Belgian Congo)	1,239	1,190	1,400	1,528	338
Denmark	102	149	151	206	57
Finland	93	104	87	105	1
France(& dependencies) 1/	1,512	955	916	1,146	191
Germany(Federal Republic of)	3,343	4,113	4,052	4,407	294
Greece	187	167	135	139	- 28
Italy	1,270	1,533	1,682	2,210	677
Netherlands(& Netherlands West Indies & Surinam)					
Norway	1,080	1,058	1,302	1,512	454
Portugal	204	243	240	292	49
Spain	628	651	678	707	56
Sweden	163	129	135	109	- 20
Switzerland	483	484	462	517	33
Turkey	2,643	2,813	2,777	2,854	41
Other 2/	164	162	156	164	2
Total	<u>945</u>	<u>863</u>	<u>1,140</u>	<u>1,373</u>	<u>510</u>
	14,433	15,074	15,786	17,881	2,807
Sterling Area:					
United Kingdom	3,015	3,080	4,030	3,919	839
United Kingdom dependencies	107	108	105	114	6
Australia	191	211	222	241	30
India	324	330	329	324	6
Union of South Africa	278	256	184	242	- 14
Other	242	262	265	292	30
Total	<u>4,157</u>	<u>4,247</u>	<u>5,135</u>	<u>5,132</u>	<u>885</u>
Canada	2,996	3,195	3,432	3,424	229
Latin America:					
Argentina	370	263	266	203	- 60
Brazil	550	457	451	464	7
Chile	138	116	127	139	23
Colombia	210	215	192	241	26

Cuba	514	525	503	452	- 73
Guatemala	91	92	91	69	- 23
Mexico	604	569	488	568 3/	- 1
Panama	110	137	135	148	11
Peru	119	88	93	96	8
Uruguay	260	236	259	264	28
Venezuela	1,061	1,556	1,462	1,215	- 341
Other	286	290	316	256	- 34
Total	<u>4,313</u>	<u>4,544</u>	<u>4,383</u>	<u>4,115</u>	<u>- 429</u>

Asia:					
Indonesia	231	190	127	145	- 45
Iran	158	193	202	184	- 9
Japan	1,149	716	933	1,099	383
Philippines	300	186	180	194	8
Thailand	261	270	261	247	- 23
Other	713	785	772	786	1
Total	<u>2,812</u>	<u>2,340</u>	<u>2,475</u>	<u>2,655</u>	<u>315</u>

All Other

Egypt 4/
Other

Total

238	192	190	- 38
<u>137</u>	<u>159</u>	<u>148</u>	<u>- 21</u>
<u>375</u>	<u>351</u>	<u>338</u>	<u>- 59</u>

Total Foreign Countries 5/

29,086	29,797	31,562	33,545	3,748
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International Institutions

<u>3,535</u>	<u>2,919</u>	<u>3,142</u>	<u>3,371</u>	<u>452</u>
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Grand Total

32,621	32,716	34,704	36,916	4,200
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p. Preliminary

4. Part of the United Arab Republic since February 1958.

1. Excludes gold holdings of French Exchange Stabilization Fund.

5. Excludes gold reserves of the U.S.S.R. and other Eastern European countries.

2. Includes Yugoslavia, Bank for International Settlements (both for its own and European Payments Union account), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

Note -- Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. Also includes U.S. Govt. bonds and notes with original maturities of more than one year.

3. Includes latest reported figure (Oct.21) for gold reserves.

Italy's reserve gain of \$677 million or 40 percent, in 1958 was second only to the United Kingdom. The main reasons were a large surplus on current account (goods, services and donations) and a net gain in private foreign investments. Also, as reserves increased, external liabilities declined, so that net gains exceeded gross gains.

Both Belgium and the Netherlands increased their gold and dollar assets. As in most of the more advanced countries, reduced import expenditures and near maintenance of exports contributed substantially to this improvement. IMF indebtedness, amounting to \$68.8 million for the Netherlands and \$50 million for Belgium, was repaid.

French gold and dollar assets increased \$191 million, following decline of \$625 million in 1956 and \$557 million in 1957. (These total losses would have been greater had it not been for drawings from the IMF of \$394 million during that period.) The improvement in 1958 came about as a result of internal fiscal and financial measures. France also devalued the franc in December from 420 to 493.7 per U.S. dollar; since then the franc has been stabilized successfully and reserves gained substantially in the first 2 months of 1959.

As a result of large tourism receipts plus a net inflow of capital which more than offset a widening trade deficit, Austria's reserves climbed to \$612 million, an increase of \$152 million.

Norway's deficit on goods and services widened appreciably, mostly because of a substantial decrease in net freight earnings; the deficit was more than offset, however, by a large inflow of both private and government capital. This inflow enabled Norway to add \$49 million to its gold and dollar holdings in 1958.

Denmark, Sweden, Switzerland and Portugal all benefited from the favorable terms of trade and added varying amounts to their gold and dollar reserves.

Spain continued to experience inflation and balance of payments difficulties in 1958. Reserves declined \$20 million.

Turkey simplified its multiple exchange rate system and also devalued its currency in 1958. This was accomplished under a stabilization program designed to improve both its internal and external financial position.

Heavy, sustained import expenditures caused Greece's gold and dollar assets to drop \$28 million.

The Overseas Sterling Area

This area, in the total, had smaller export earnings, mainly because of lower commodity prices. Part of the resulting payments deficits, was offset by U.S. capital (private and government) movements and credits from international financial institutions. The remainder of the area's balance of payments deficit was met by drawing on their sterling reserves. Gold and dollar holdings increased slightly.

In the first half 1958 the Union of South Africa continued to have balance of payments difficulties which resulted in a decline of \$72 million, despite a \$36 million drawing from the IMF. The Union suffered not only from declining wool receipts but also from heavy importing and from an outflow of short term capital, mostly to the United Kingdom. After mid-1958 the capital outflow was reversed and imports tended to move downward. These factors enabled the Union to gain back \$58 million of its earlier reserve losses.

Australia's gold and dollar assets increased \$30 million in 1958, but its total foreign exchange reserves (mostly sterling) declined \$349 million. In spite of declining export receipts (mainly wool) Australia continued to import freely. This deficit was met by the drawing down of its sterling holdings.

Due mainly to a continued trade imbalance in the first part of 1958, New Zealand's foreign exchange holdings rapidly deteriorated. Corrective internal measures later stemmed this rapid drawdown. To replenish depleted exchange reserves, New Zealand authorities undertook large overseas borrowings, consisting of \$55 million from United Kingdom, \$21 million from Australia, and \$49.5 million from the New York money market. Its official gold and foreign exchange at the end of 1958 equalled \$187 million, down slightly from its peak in early 1957.

India's foreign exchange holdings continued to decline but at a much lesser rate than in 1957 and 1956. Heavy importing in excess of its earnings, particularly in the first part of the year forced India to further draw down its sterling holdings. In an effort to maintain the "hard core" portion of its economic development program, India borrowed over \$350 million, from the United States, the United Kingdom, West Germany, Japan, Canada and international financial institutions. In addition, India entered into two Public Law 480 agreements amounting to \$300 million.

Canada

In response to reduced trade deficit and a continued (although smaller) capital inflow from the United States, Canada's gold and dollar holdings increased by \$229 million.

Latin America

A number of Latin American countries lost gold and dollar assets during 1958. Of these, some have been steadily losing reserves since 1956; inflation and lower commodity prices, especially for coffee, have contributed to this deteriorating position. In spite of net drawings of \$58 million from the IMF and borrowings from the United States, this area's gold and dollar assets declined \$429 million during 1958.

Venezuela's gold and dollar losses of \$341 million accounted for most of the decline. This reduction largely reflects reduced U.S. investments in the Venezuelan petroleum industry.

Argentina's gold and dollar reserves amounted to \$203 million on December 31, 1958, a decline of \$60 million. In Argentina, authorities cooperated with the IMF in establishing a stabilization program which, among other things, abolished the multiple exchange rate system and provided for conclusion of all transactions through one freely fluctuating rate. During the first 2 months of 1959, the peso was steady and foreign exchange reserves increased.

Chile, Colombia and Peru, aided by IMF drawings in connection with stabilization programs and by U.S. Government financial assistance, recorded some increases in their gold and dollar holdings during 1958. All 3 countries allowed their exchange rate to depreciate freely during the year and were able to achieve some measure of stability. In January 1959, Chile replaced its dual exchange rate system with a single rate.

Cuba's gold and dollar assets declined \$73 million; of this total, official gold accounted for \$56 million. Also Cuba's dollar liabilities as reported by the United States increased by \$50 million. This deterioration, most of which occurred in the last quarter, was mainly the result of the civil war and substantially lower sugar prices.

Mexico maintained its gold and dollar assets. Because of diversified exports and a slowdown of an outward capital movement, the loss of \$81 million in the first half of 1958 was offset by gains in the second half.

Asia

Japan's gold and dollar assets increased \$383 million, compared with a loss of \$433 million during 1957. In addition, Japan's IMF indebtedness of \$125 million was liquidated. This successful comeback is attributable primarily to maintenance of export earnings while import expenditures were cut nearly 30 percent.

Indonesia's gold and dollar holdings dropped \$63 million in the first half of 1958 but recovered \$18 million in the last half. This improvement was due to a more favorable trade balance.

Because of a large drop in rice exports, plus smaller tin and rubber receipts, Thailand's trade deficit widened considerably in 1958. Part of this deficit was covered by an inflow of capital and the remainder was met by drawing down reserves. Gold and dollar reserves declined \$23 million, but official sterling reserves increased slightly.

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Thirty-seven countries, signatories of the General Agreement on Tariffs and Trade, will convene in May 1959, for the 14th Session of the Contracting Parties. Among other things, the meeting will provide further opportunity to pursue the continuing objective of reducing trade barriers and eliminating discrimination against U.S. farm products.

The United States will consult with France, New Zealand, the United Kingdom and the Union of South Africa during the forthcoming session. It will also consult with an additional 11 countries on trade matters throughout 1959. These countries are: Austria, Denmark, Finland, Ghana, Malaya, Australia, Italy, Japan, Norway, Rhodesia and Sweden.

These consultations provide the opportunity for an exchange of views on the discriminatory aspects of restrictions as well as related economic and other trade matters. As noted in U.S. Department of State Press Release No. 82 of January 30, and CRI Public Notice of January 29, 1959, U.S. trade views on particular problems will also be represented during the session.

In addition, the Contracting Parties will again consider West German import restrictions. At recent Sessions, the view has been expressed that West Germany, in view of its excellent financial position, is no longer entitled under the GATT to maintain import restrictions for balance of payments reasons. In a continuing examination of the issue, interested countries have jointly consulted with West Germany regarding these restrictions. A report of this group on the consultation will be available for review at the 14th Session. West Germany has been urged to eliminate its remaining restrictions or otherwise bring its commercial policy into conformity with its obligations under the General Agreement. A variety of important agricultural products and some industrial items are still subject to import controls.

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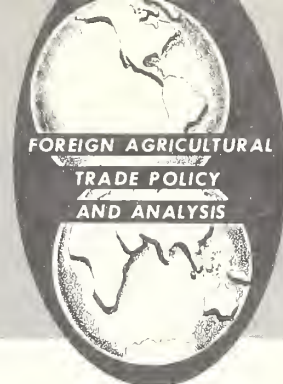
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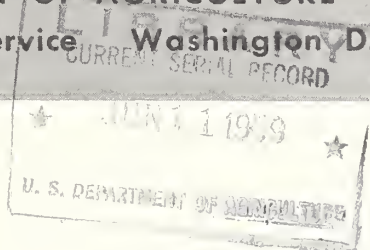
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FATP 14-59
May 19, 1959

U. S. AGRICULTURAL IMPORTS

REACHED 9-YEAR LOW IN 1958

U. S. agricultural imports, declining for the third consecutive year, totaled \$3,883 million in calendar year 1958, \$69 million under the \$3,952 million in 1957. The 1958 total was the smallest since 1949's \$2,893 million.

Agricultural imports in 1958 were 25 percent below the 1951 record of \$5,166 million. Following the 1951 peak, imports dropped sharply for 3 years. They have since averaged slightly below the 1954 level.

Underlying 1958's 2-percent decline in value was an increase in supplementary (somewhat competitive) imports which was more than offset by a decline in complementary (noncompetitive) imports.

Supplementary imports are items similar to commodities produced commercially in the United States or interchangeable in use with them to a significant extent. Complementary imports are items not produced commercially in the United States.

Supplementary imports increased from \$1,696 million in 1957 to \$1,939 million in 1958. Largest increases were in dutiable cattle, meats, and cane sugar. There were substantial reductions in cotton and apparel wool.

TABLE 1.--U. S. agricultural imports, calendar years 1949-1958

Calendar year	Supple- mentary : imports	Comple- mentary : imports	Total	Calendar year	Supple- mentary : imports	Comple- mentary : imports	Total
- Million dollars -				- Million dollars -			
1949	1,440	1,453	2,893	1954	1,558	2,403	3,961
1950	1,807	2,183	3,990	1955	1,550	2,421	3,971
1951	2,319	2,847	5,166	1956	1,549	2,401	3,950
1952	1,902	2,616	4,518	1957	1,696	2,257	3,952
1953	1,803	2,380	4,183	1958	1,939	1,944	3,883

Supplementary products usually account for about 40 percent of agricultural imports. However, in 1958 they were 50 percent of the total, reflecting larger imports of cattle and meats in response to higher domestic prices. Complementary imports declined to 50 percent of the total from the usual 60 percent.

Complementary imports declined from \$2,257 million in 1957 to \$1,944 million in 1958. Principal value reductions were in coffee and crude rubber, reflecting primarily lower world prices.

Supplementary Import Highlights

Cattle and Meat: Cattle imports rose sharply in 1958 to over 1 million head--a new record. More than 80 percent were feeders bought by farmers to supplement rather scarce supplies in the United States and to convert abundant feed into meat.

Imports of red meat rose sharply during 1958 to 826 million pounds, with most of the increase accounted for by boneless beef, veal, and mutton. Main reasons for the rise were the relatively low U. S. supplies and relatively high prices of processing- and manufacturing-type meats coupled with continued strong domestic demand for them. The sharp increase in prices of low grade meat encouraged U. S. processors to look to foreign sources of supply and stimulated foreign shippers, especially in New Zealand, Australia, and Argentina, to send more meat to the United States. Imports of Mexican boneless beef also increased sharply in 1958. While total pork imports did not increase as sharply as those of other meats, the quantity taken from Canada in 1958 was approximately double that in 1957. Canadian pork supplies were more plentiful in 1958.

Apparel Wool: About half the apparel wool used in this country is imported. Although monthly mill consumption rose during 1958, usage for the year as a whole was below 1957's sharply reduced level. Imports of wool and wool-like specialty hairs in 1958, at 111 million pounds, actual weight, were 10 million less than in 1957.

Hides and Skins: Before 1952 the United States was a net importer of hides and skins; since then it has been an important net exporter. Increased cattle slaughter and expanded domestic use of leather substitutes have contributed to this change. The level of net exports was considerably reduced in 1958 both by the decline in slaughter and exports and by the increase in imports. Exports fell from \$68 million in 1957 to \$56 million in 1958; imports rose from \$47 million to \$52 million.

Vegetable Fibers: Cotton imports for consumption declined from 217 thousand bales (480 pounds net) in calendar year 1957 to 143 thousand in 1958. Calendar year 1957 imports included large portions of both the 1956-57 and 1957-58 long-staple quotas which are on an August 1-July 31 year. On the other hand, calendar year 1958 imports reflected mostly entries under the 1958-59 quota.

The considerable reduction in imports of jute and jute butts from 60 thousand long tons in 1957 to 37 thousand in 1958 largely reflected decreased foreign supplies and higher prices for jute in the latter year, and increased competition from manmade fibers.

Tobacco: Imports of unmanufactured tobacco continued to increase in 1958, rising to 139 million pounds from 124 million in 1957. More foreign leaf was required last year as U. S. cigarette manufacturers increased output by 6 percent over 1957 and used more oriental leaf in their blends.

Grains: Imports of both barley (grain) and oats declined in 1958, responding to the plentiful supplies and relatively lower prices in the domestic market as compared with those in Canada. Barley (grain) imports dropped from 21 million to 16 million bushels; oats, from 27 million to 11 million. Imports of wheat, mostly unfit for human consumption, continued to decline in 1958.

Vegetable Oils and Oil Bearing Materials: The United States imported 7 percent less copra and 18 percent more coconut oil last year than in 1957. Imports of both, in terms of oil equivalent, totaled 298 thousand short tons, up slightly from 1957.

Imports of castor beans and castor oil dropped sharply in 1958. Bean imports, which have declined each year since 1948, were about half of those in 1957 and the smallest since the early 1900's. Castor oil imports in 1958 were two-thirds of the near-record takings of 1957 and the smallest since 1954. Imports of both, in terms of oil equivalent, amounted to 46 thousand tons, one-third less than 1957 and the smallest tonnage since 1939.

Imports of tung oil in 1958 continued to be stabilized under the import quota put into effect September 9, 1957. This quota, which limits imports to 13 thousand short tons on a November 1-October 31 quota year basis, has kept imports at about 60 percent of the 1950-54 average of 23 thousand tons. Imports in calendar year 1958 totaled 14 thousand tons, 1 thousand less than in 1957.

Olive oil imports in 1958 totaled 27 thousand tons, the largest volume since 1955.

Cane Sugar: Imports of cane sugar on a *tel quel* basis, as reported by the Bureau of the Census, were 4.7 million short tons in 1958, 600 thousand more than in 1957. Larger imports were admitted from Cuba in the latter part of 1958 to help offset deficits in production in domestic areas. Hawaiian production was reduced by a prolonged industry strike and Puerto Rican output by poor growing weather.

Vegetables: Imports of fresh tomatoes increased to 264 million pounds in 1958, more than double the 1957 volume. Bad weather in Texas and Florida, which heavily damaged crops there, resulted in greater imports to supplement domestic supplies.

The 257 million pounds of potatoes imported in 1958 exceeded 1957's reduced level by 55 percent. U. S. supplies were plentiful in both 1957 and 1958, but sharply higher U. S. prices in the winter of 1958 resulted in larger imports of Canadian potatoes that year.

Complementary Import Highlights

Coffee: Plentiful supplies of coffee last year forced prices downward and caused U. S. importers to purchase only enough to meet minimum inventory needs. The volume of imports in 1958, at 2,688 million pounds, was 3 percent under that in 1957; however, the value of \$1,171 million was down 15 percent.

Cocoa Beans: Less cocoa beans were imported in 1958 than in 1957, but there was a marked increase in value due to the relatively short foreign supply and higher prices. The volume declined from 515 million pounds to 443 million; the value increased from \$135 million to \$172 million. U. S. grindings of raw cocoa during 1958 were 11 percent under those during 1957.

Rubber: Imports of crude rubber in 1958, at 1,063 million pounds, were the smallest in 12 years. Domestic demand weakened considerably with the reduction in automobile output.

Carpet Wool: Practically all the carpet wool used in this country is imported. Imports in 1958, at 161 million pounds, actual weight, were about the same as in 1957. In 1958, legislation was enacted which suspends import duties on wools grading 40's to 46's, American count, if used in carpets and other specified uses. This duty suspension is effective through June 30, 1960. Unimproved wools and other wools not finer than 40's continued duty free.

TABLE 2.--U. S. imports for consumption of principal agricultural commodities, calendar years 1957 and 1958 a/

Commodity imported	Unit	Year ended December 31			
		Quantity		Value	
		1957	1958	1957	1958
SUPPLEMENTARY				1,000	1,000
ANIMALS AND ANIMAL PRODUCTS:		Thousands:	Thousands:	dollars	dollars
Cattle, dutiable	No.	703	1,126	65,839	129,802
Cattle, free (for breeding)	No.	25	26	5,095	7,528
Casein and lactarene	Lb.	74,604	90,947	14,634	17,569
Cheese	Lb.	50,877	55,735	25,980	27,322
Hides and skins	Lb.	116,989	137,071	46,750	51,767
Beef and veal, total b/	Lb.	232,484	477,822	60,093	152,753
Pork, total b/	Lb.	133,029	182,751	97,899	125,826
Wool, unmf'd., excl. free, etc. d/	Lb.	121,357	111,065	109,194	84,533
VEGETABLE PRODUCTS:					
Cotton, unmf'd., excl. lintens (480 lb.)	Bale:	217	143	59,064	26,036
Jute and jute butts, unmf'd. (2,240 lb.)	Ton	60	37	14,692	8,014
Olives in brine	Gal.	12,266	13,200	21,537	19,708
Pineapple juice	Gal.	10,833	3,702	3,876	1,644
Pineapples, canned, prepared or pres. .	Lb.	100,093	84,078	11,396	9,836
Other fruits and preparations	c/	c/	c/	33,123	34,387
Barley, grain (48 lb.)	Bu.	20,970	15,729	28,288	21,112
Oats, grain (32 lb.)	Bu.	27,121	11,167	20,510	8,634
Wheat, grain (60 lb.)	Bu.	9,654	9,140	14,797	14,197
Feeds and fodders	c/	c/	c/	22,372	23,687
Nuts and preparations	c/	c/	c/	58,439	62,200
Castor beans	Lb.	34,359	18,865	2,236	950
Copra	Lb.	644,551	601,222	41,212	47,503
Oils, fats, waxes, veg. expressed	Lb.	512,050	544,635	96,715	93,602
Seeds, field and garden	c/	c/	c/	13,235	10,978
Sugar, cane (2,000 lb.)	Ton	4,141	4,732	459,425	520,029
Molasses, unfit for human consumption	Gal.	231,536	335,861	35,236	39,203
Tobacco, cigarette	Lb.	91,198	104,695	67,763	76,850
Tobacco, other leaf	Lb.	32,939	33,879	28,596	28,025
Potatoes, white	Lb.	165,937	256,636	4,283	6,611
Tomatoes, natural state	Lb.	119,477	264,452	8,207	20,553
Other supplementary				225,161	268,218
Total supplementary				1,695,647	1,939,077
COMPLEMENTARY					
Silk, raw	Lb.	5,874	4,347	24,575	15,568
Wool, unmf'd. free in bond e/	Lb.	162,545	161,103	101,798	79,578
VEGETABLE PRODUCTS:					
Bananas	Bunch:	47,706	48,771	69,788	69,388
Cocoa or cacao beans	Lb.	515,331	442,922	134,705	172,458
Coffee (incl. into Puerto Rico)	Lb.	2,760,481	2,667,809	1,376,289	1,170,864
Coffee essences, substitutes, etc. ...	Lb.	3,335	3,755	9,243	9,435
Tea	Lb.	102,434	103,418	50,848	48,001
Sisal and henequen (2,240 lb.)	Ton	125	196	17,861	16,922
Spices (complementary)	Lb.	76,205	78,332	26,827	30,709
Rubber, crude	Lb.	1,242,500	1,062,676	349,422	248,174
Other complementary				95,446	83,166
Total complementary				2,256,802	1,944,263
TOTAL AGRICULTURAL COMMODITIES				3,952,449	3,883,340
TOTAL ALL COMMODITIES				12,920,985	12,792,030

a/ Preliminary. b/ Product weight. c/ Reported in value only. d/ Actual weight. Includes wool-like specialty hairs. e/ Actual weight.

Compiled from official records, Bureau of the Census.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

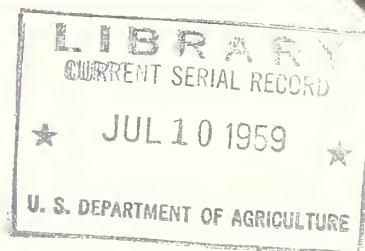
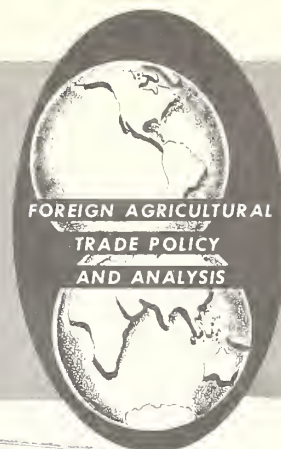
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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 15-59
July 3, 1959

COLOMBIA INCREASES

ITS TARIFF DUTIES

The Colombian Government, on May 10, 1959, revised its tariff schedule with the issuance of Decrees Nos. 1345 and 1346. Duties on most items were increased, especially for certain agricultural products similar to those produced domestically. The former 10-percent remittance tax is now incorporated into the new tariff, and payment of duties will be partially made in U.S. dollars. The new rates are, in most cases, substantially higher than the old rates plus the 10-percent remittance tax. Although there is a plan to eliminate the previous license and prior import deposit, thus far this has not been done. The new tariff is based on international nomenclature.

The new laws strengthen the Government's past policy of protection of local industry and agriculture. Since June, 1957, many decrees and edicts have been issued concerning imports, and these are now consolidated into the new decrees. Economically, the country's balance-of-payments position has improved during the past 2 years. The Government, however, apparently still feels that its imports must be controlled and that domestic production must be protected by either prohibiting imports or maintaining extremely high duties.

Items of interest to agriculture that are now on the permissible import list include: Cattle and poultry breeding stock, hatching eggs, wheat, barley, oats, flour containing less than 10 percent gluten, semolina for pastes, malt, sesame seed, cottonseed, inedible tallow, hydrogenated oils, non-sweetened fruit juices, baby foods with milk base, cigarettes, cigar leaf wrapper, and certain other less important items.

The revised tariff schedule permits the importation of certain agricultural items that are important to the Colombian economy but only indirectly significant to U.S. agriculture. The main items in this category are copra, crude cacao, and crude rubber.

Presently, all wheat, flour, barley and vegetable oil imports are made by the Instituto Nacional de Abastecimientos (INA), a government organization responsible for importing and distributing foodstuffs. No duties are paid on commodities imported by INA, but that organization may, if it wishes, charge duties to the purchaser.

In addition to the specific and ad valorem duties, there are special promotional quotas on a limited number of agricultural products. This is not a new provision, but it was revised by Decree No. 1345. For these specified commodities, a previous deposit must be made to the Banco de la República in the amount of the promotion quotas assigned to individual commodities. These amounts are: Wheat, oats, and wheat flour, 10 centavos per kilogram; malt, 5 centavos per kilogram; cacao, 10 percent of the c.i.f. value; leaf tobacco, 5 pesos per kilogram; cut, pipe, chewing and snuffing tobacco, 6 pesos per kilogram; cigars, 10 pesos per kilogram; cigarettes, 40 centavos per package; tobacco sauce and powder, 5 pesos per kilogram; and raw cotton, 3 centavos per kilogram.

The prohibited import list, as contained in Article I of Decree No. 1346, still has pretty wide coverage in the agricultural field. The important commodities remaining on the list are: Livestock and poultry except for breeding, meats, powdered milk, cream, butter, cheese, rice, corn, vegetables for consumption, honey, beans, oranges, lemons and similar fruits, figs, dates, apples, stone fruits, peanuts, soybeans, leaf tobacco except cigar wrapper, lard, oleomargarine, crude soybean and cottonseed oils, sugar, molasses, and cotton linters.

The new laws set up a Council of Customs Policy that may alter the import or export duties by not more than 30 percent up or down, except that this may be done only once. However, changes in duties that promote Latin American trade are not subject to these restrictions. Also, special agreements with Ecuador and Peru, signed in 1944 and 1938 respectively, are still in effect and are not superseded by the new duties. The Council also may set an official price on which the ad valorem duties must be paid, in case economic factors require it, and change the promotion quotas or establish new ones, if it deems them justified.

COLOMBIAN IMPORT DUTIES: Principal agricultural items under old and new schedules

Item	Old Duties 1/		New Duties 2/	
	Specific	Ad valorem	Specific	Ad valorem
<u>Permissible Import List:</u>	<u>Pesos</u>	<u>Percent</u>	<u>Pesos</u>	<u>Percent</u>
	<u>per kilo</u>		<u>per kilo</u>	
Cattle: 3/				
Breeding bulls.....	None	None	None	20
Poultry: 3/				
Breeding stock.....	None	None	None	20
Hatching Eggs 3/.....	0.50	5	2.50	50
Grains:				
Wheat 4/.....	0.10	10	0.10	20
Barley 4/.....	0.06	25	0.10	40
Wheat flour with less than 10% gluten 3/4/.....	0.60	25	0.60	25
Copra 5/.....	0.10	10	0.10	20
Cottonseed 3/.....	None	None	3.00	50
Linseed oil (inedible).....	0.06	6	0.15	20
Vegetable oil, hydrogenated.....	0.40	25	1.50	50
Tobacco leaf, cigar wrapper 3/ 6/.....	10.00	25	15.00	30
Cigarettes.....	5.00	10	20.00	50
Cotton 3/ 7/.....	0.15	10	0.35	20
Barley malt.....	0.08	25	0.15	30
<u>Prohibited Import List:</u> 8/				
Dairy Products:				
Powdered milk.....	1.00	25	2.00	50
Soybeans.....	0.10	25	3.00	50
Lard.....	1.00	25	1.50	50
Soybean oil (crude).....	0.15	25	1.50	50
Soybean oil (denaturalized).....	0.15	25	1.00	30
Cottonseed oil.....	0.15	25	1.50	50
Tobacco leaf, except cigar wrapper.....	10.00	25	15.00	30

1/ 10-percent remittance tax applied to all commodities imported under old duties. 2/ The first 10 percent of the ad valorem portion of the duty must be paid in free dollars (at approximately 8.00 pesos to the U.S. dollar). To obtain dollar equivalent of any additional duty, the applicable rate for conversion is the certificate rate of 6.40 pesos to the U.S. dollar. 1 kilogram equals 2.2046 pounds. 3/ Previously on prohibited list. 4/ May be imported only by the Instituto Nacional de Abastecimientos (INA). 5/ Current rates are effective until December 31, 1960, after which date they will be raised to a specific duty of 0.20 pesos and an ad valorem duty of 30 percent. These latter rates will be effective in calendar years 1961 and 1962. Beginning January 1, 1963, duties on copra will be raised to 0.30 pesos specific and 40 percent ad valorem. 6/ All types of leaf tobacco are prohibited except cigar leaf wrapper. 7/ Cotton may only be imported with approval of the Ministry of Development. 8/ Duties shown are those that would be changed if items were taken off the prohibited list. Changes in the list are subject to Law 1 of 1959 (see WTIS, Part 2, No. 59-25, U.S. Department of Commerce).

Note: As before, no rates are compound, that is, there is a specific duty in pesos per gross kilogram of weight and an ad valorem duty based on the c.i.f. value of the goods.

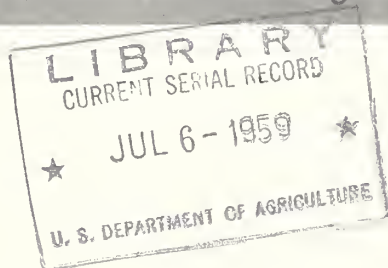
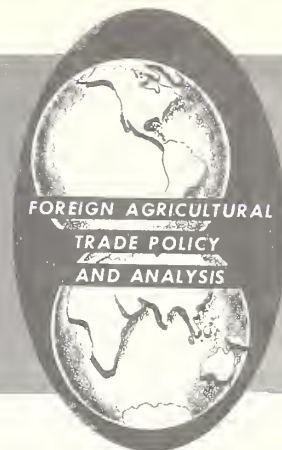
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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 16-59
June 25, 1959

AGRICULTURAL TRADE OF FRENCH CAMEROUN

French Cameroun, a United Nation's trusteeship administered by France, is scheduled to become independent January 1, 1960. This former German colony is located in West Africa between Nigeria and the territory formerly known as French Equatorial Africa. Its area is slightly larger than California and the population in 1956 was 3.2 million, of which less than 5 percent was European. The climate is tropical, with heavy rainfall and high temperatures.

Cameroun's economy is almost totally agricultural. About 90 percent of its crops are used locally for subsistence, and the balance provides cash income. The country thus may be said to rely on tropical agricultural products for its existence. Cocoa supplies 35 percent of Cameroun's monetary income; coffee 20 percent, bananas 8 percent, and cotton 6 percent. Rubber, palm products, peanuts, pineapples, tobacco, meat and hides contribute to the country's economy. Mineral exports are negligible, and industry is limited to the manufacture of a few cheap consumer goods.

Exports in 1958 are estimated at about \$93 million, of which about 72 percent went to the franc zone, 6 percent to dollar countries, and about 7 percent to Communist countries.

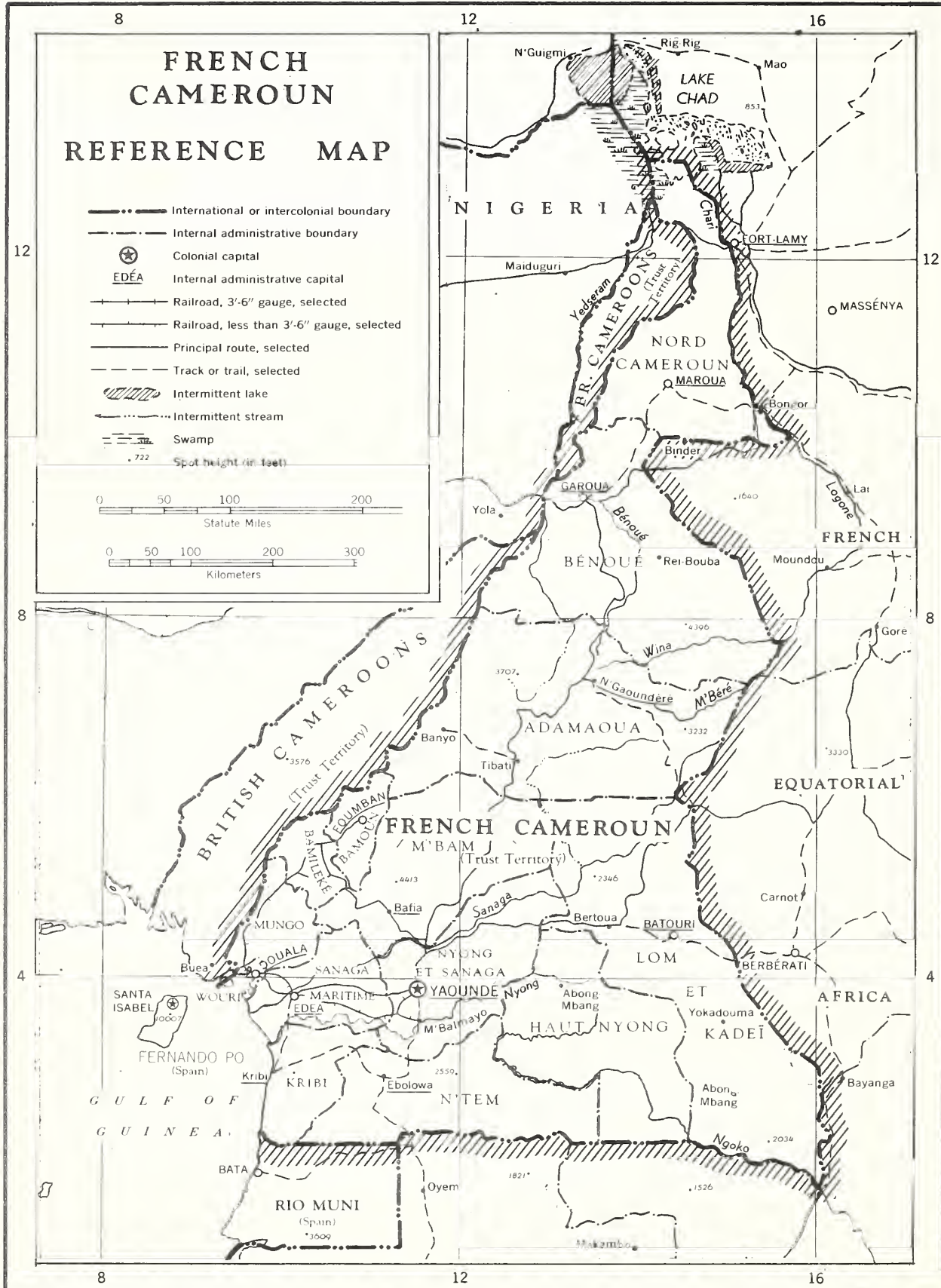
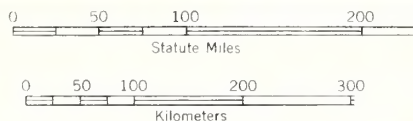
PRODUCTION

Only about 3.7 percent of the land area is cropped or under tree crops. Approximately 3 million acres are in food crops such as manioc, millet, peanuts, bananas, cassava, and palm oil. Export crops are cocoa, coffee, palm kernels, bananas, rubber, and peanuts. Also significant quantities of wood, meat, and livestock are exported.

FRENCH CAMEROUN

REFERENCE MAP

- International or intercolonial boundary
- Internal administrative boundary
- ★ Colonial capital
- EDÉA Internal administrative capital
- +— Railroad, 3'-6" gauge, selected
- +— Railroad, less than 3'-6" gauge, selected
- Principal route, selected
- - - Track or trail, selected
- ▨ Intermittent lake
- ▧ Intermittent stream
- ▩ Swamp
- Spot height (in feet)



French Cameroun: Area and production of principal agricultural crops,
1957 and 1958

Crop	Area		Production	
	1957	1958	1957	1958
	<u>1,000</u> acres	<u>1,000</u> acres	<u>1,000</u> metric tons	<u>1,000</u> metric tons
Cassava (manioc)	185.0	193.0	625	650
Taro	222.0	227.0	400	410
Millet and sorghums	1,025.5	1,033.0	365	368
Bananas and plantains	210.0	217.0	480	500
Sweet potatoes and yams	98.8	104.0	170	173
Oil palm fruit	506.6	506.6	90	90
Corn	308.9	321.0	117	122
Peanuts (in shell)	383.0	395.0	68	72
Cocoa	506.6	519.0	59	67
Coffee	141.0	148.0	18	22

French Cameroun: Livestock numbers, 1957 and 1958

Kind	1957	1958
	<u>1,000 head</u>	<u>1,000 head</u>
Cattle	1,290	1,295
Goats	1,000	1,000
Sheep	525	530
Hogs	250	250

Acres and production of the leading export crops--cocoa, coffee, bananas, and cotton--have been trending upward.

Cocoa:--Quality and high market prices are now being stressed rather than quantity. The United States' demand for Cameroun cocoa has been limited up to now because of the unreliable quality of Cameroun cocoa and stiff competition from other producing areas. Cameroun production of cocoa beans for export, averages 1935-39 and 1950-54 and annual 1956-59 follows:

Year beginning October 1	1,000 metric tons
Average 1935/36 - 1939/40	26.5
Average 1950/51 - 1954/55	55.9
Annual 1956/57	58.6
1957/58	67.0
1958/59	61.2

Coffee:--Cameroun's coffee, like its cocoa, has been handicapped in the world market by its poor quality. However, production has continued to expand rapidly--particularly Arabica. But Arabica growers are having difficulty in marketing their coffee abroad--especially to dollar areas; its mediocre quality makes it difficult for it to compete with other plentiful coffee supplies.

Cameroun's rapidly increasing coffee production has stimulated corrective action on both government and cooperative levels to relieve the problem of insufficient facilities for treating and storing coffee.

French Cameroun: Exportable production of green coffee,
average 1950-54, annual 1955-58

Year beginning October 1	:	1,000 metric tons
Average 1950-54	:	10.9
1955	:	17.5
1956	:	17.4
1957	:	21.3
1958 (estimate)	:	24.9

Bananas:--Estimated production from 217,000 acres of bananas and plantains in 1958 was 500,000 metric tons. It is said that 15,000 to 20,000 tons of this was either wasted or sold locally at little or no profit. Overproduction in recent years has encouraged local producers to seek non-European markets.

West Germany, however, offers a potential market, as Cameroun's "Gros Michel" variety is popular with West Germans. But Cameroun producers have been encouraged to grow the "Pogo" variety, resistant to "Panama" disease. This disease, which has reached serious proportions in southern British Cameroon, has so far been held in check in French Cameroun. The "Pogo" variety has the further advantage of yielding 40 tons per hectare, compared with the 14 to 16 tons for the "Gros Michel."

Cotton:--Production in northern Cameroun is continuing its rapid expansion. Production of cotton during 1958-59 is estimated at 7,040 metric tons (32,334 bales), an increase of about 32 percent over the 1957-58 production of 5,360 metric tons (24,618 bales). No reliable data are available for cotton acreages in Cameroun.

TRADE

Cameroun trade is characterized by agricultural exports and nonagricultural imports. In value 85.6 percent of Cameroun's total exports in 1957 were agricultural, while only 8.4 percent of its imports were agricultural.

Cameroun's 3 leading commercial crops--cocoa, coffee, bananas--account for over 70 percent of the total value of all exports, and cocoa accounts for over a third of these. There is no predominant agricultural import. About 30 percent of Cameroun's imports are in the form of machinery and equipment. Consumer goods comprise another 27 percent, and raw materials and semi-finished products almost 19 percent.

Direction of trade:--France and the franc zone dominate Cameroun's foreign trade, more so with regard to imports than exports. In 1957, 57.6 percent of Cameroun's exports went to France, and 63.2 percent of its imports were from France. The United States runs a poor second as a supplier to Cameroun. It provided only 5.7 percent of total Cameroun imports in 1957. Other suppliers, in order of importance, are West Germany, French North Africa, and Great Britain.

Since 1952, Cameroun's exports to the Netherlands and West Germany have been increasing. In 1957, the Netherlands took 15.2 percent of Cameroun's exports. The United States was third with 6.5 percent.

In terms of monetary zones, 69.2 percent of Cameroun's exports in 1956 went to countries within the franc zone. The dollar zone took 10.2 percent; the sterling zone 4.2 percent; countries belong to the Organization for European Economic Cooperation (OEEC), i.e., other than sterling; 13.4 percent; and 3 percent to other monetary zones.

Since 1953, Cameroun trade with countries within the franc zone has been increasing in proportion to total trade growth. Trade with the dollar area has been rising slightly, while trade with the sterling area has been declining.

Exports:

During 1957, cocoa exports accounted for 38.4 percent of the value of all exports; coffee 18.7 percent; bananas 9.2 percent; cotton 5.2 percent; cocoa butter 4.5 percent; raw rubber 2.3 percent; palm kernels 2.2 percent; and peanuts 1.7 percent.

Cocoa:--The Netherlands purchased 36.6 percent of Cameroun's 1957 cocoa exports. France took 34.0 percent, and the United States 12.2 percent.

Cocoa is the leading agricultural commodity which the United States imports from Cameroun. In 1957, the United States purchased over \$3.7 million worth of cocoa from Cameroun. This was almost 73 percent of the total value of U. S. imports from Cameroun.

Coffee:--France bought 90.4 percent of Cameroun's coffee exports in 1957. French North Africa was the second leading importer with 6.6 percent. Italy and the United States also bought some Cameroun coffee that year.

Bananas:--France imported 83.6 percent of Cameroun's banana exports in 1957. Norway was the second best customer with 8.5 percent. Other importers of Cameroun bananas are Sweden and West Germany.

Other exports:--In 1957, France bought all Cameroun's cotton exports, 74.3 percent of the cocoa butter, 91.9 percent of the palm kernels, and 54.3 percent of the rubber exported from Cameroun. The United States bought a \$1 million worth of rubber, equivalent to 33.7 percent of the total value of rubber exports. The United States is the leading purchaser of oil cakes exported from Cameroun, and depending on the marketing situation, it also buys palm kernels in some years. The United States bought \$1.1 million worth of palm kernels in 1956, but none in 1955 or 1957.

French Cameroun: Principal agricultural exports, by quantity and value, annual 1955-57

Commodity	Quantity			Value		
	1955	1956	1957	1955	1956	1957
	1,000 metric tons			1,000 U.S. dollars		
Cocoa	55.6	46.0	53.5	46,447	25,950	30,495
Coffee	13.9	17.8	16.9	13,267	13,271	13,397
Bananas	76.1	66.2	85.2	7,049	6,114	7,273
Cotton	4.1	5.3	5.3	3,360	4,178	4,141
Cocoa butter	2.2	2.3	2.8	3,160	2,149	3,618
Rubber, raw	3.5	3.0	3.1	2,595	1,859	1,843
Palm kernels	16.3	16.4	13.9	2,155	2,143	1,793
Peanuts	7.9	9.0	7.7	1,636	1,833	1,326

French Cameroun: Exports to the United States, by value, 1956 and 1957

Commodity	Value		U. S. share
	1956	1957	
	1,000 dollars		Percent
Agricultural:			
Cocoa	3,097	3,735	12.2
Coffee	462	71	.5
Cocoa butter	0	251	6.9
Rubber, raw	90	621	33.7
Palm kernels	1,125	0	0
Oil cakes	404	337	48.6
Total	5,178	5,015	--
Nonagricultural	277	105	
Total exports	5,455	5,120	6.5

Imports:

The leading agricultural imports are beer, wine, wheat flour, dried fish, sugar, rice, and condensed and evaporated milk. Some fresh vegetables and butter also are imported.

France sells Cameroun the larger share of these, although Indochina supplies almost half of Cameroun's rice imports. Some wheat flour is purchased from French West Africa; significant quantities of sugar, beer, and wine come from Morocco; and the Netherlands also is a source of rice, milk products, butter, beer, and wine.

Cameroun's trade with the United States has trended downward in recent years, and imports from the United States are primarily petroleum products and such manufactured goods as road building equipment, although small quantities of U.S. flour, milk, and sugar have been imported.

French Cameroun: Principal agricultural imports, by quantity and value, annual 1955-57

Commodity	Quantity			Value		
	1955	1956	1957	1955	1956	1957
	1,000 metric tons			1,000 dollars		
Beer and wine	26.4	19.7	31.1	4,058	3,026	2,747
Wheat flour	15.0	15.5	15.2	2,271	2,519	2,332
Fish, dried	3.1	3.1	3.3	1,942	1,775	1,823
Sugar	3.6	4.1	4.3	1,072	1,076	1,058
Rice	4.8	2.7	4.3	978	565	851
Milk, condensed & evap.	1.6	1.7	1.4	594	665	565
Vegetables, fresh	3.0	1.0	.9	555	327	281
Butter . . . . .	.2	.2	.2	241	268	236

French Cameroun: Imports from the United States, by value, 1956 and 1957

Commodity	1956	1957
Agricultural:	1,000 dollars	1,000 dollars
Wheat flour	4	5
Milk, condensed and evaporated	7	5
Sugar	2	3
Total	13	13
Nonagricultural	6,737	5,194
Total imports	6,750	5,207

Balance of trade:--An excess of exports over imports was the traditional trade pattern for Cameroun prior to World War II. However, heavy imports of materials for development projects reversed this situation after the war.

Cameroun's balance of trade has been marked by a growing deficit since 1953. At that time the gap between imports and exports had narrowed to about 6 percent due to a rise in the price of cocoa and the tapering off of the import program. In more recent years the trade balance has become very unfavorable. The trade deficit was \$20.1 million in 1956 and \$16.6 million in 1957. Economic aid from France has enabled Cameroun to sustain this deficit.

OUTLOOK

It is difficult to forecast economic conditions in Cameroun beyond January 1960 when independence is attained. A stable political situation is a necessity for a stable and expanding economy, and it is uncertain how the Camerounians will manage their own political affairs and economy once they are no longer under the guidance of France.

One discouraging factor in Cameroun's present economy is the scarcity of private capital. When independent, there will be no FIDES (Investment Fund for Economic and Social Development) public investment to cover the trade gap. FIDES is France's long-term investment fund for the development of its overseas territories. Unless the FIDES program is replaced by some other form of economic assistance, economic growth may be stifled and a downward trend result.

Another unfavorable aspect is the economy's susceptibility to price changes for cocoa and coffee. A boom in cocoa and coffee prices has a dynamic effect on every aspect of the economy. Similarly, a severe fall in prices of both commodities can be disastrous.

Agricultural prospects:--The present upward trend in quality, as well as production of agricultural commodities, has been mostly the result of modernization in cultural techniques. Cocoa yields have been increasing steadily through the establishment of many "pilot" plantations, a well-organized conservation and disease-control campaign, distribution of cuttings, and extension of agricultural loans. Much of this progress has been stimulated by the Ministry of Agriculture. To what extent these policies will continue after independence is unknown. The future direction and speed of agricultural development will depend largely on political stability and effectiveness with which the new regime utilizes available resources.

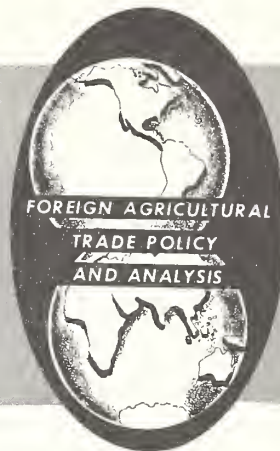
Outlook for U.S.-Cameroun trade:--Although industrial imports from the United States have become important to the Cameroun economy, there are a number of factors which hinder the sale of U.S. agricultural commodities to the Cameroun. Assuming that Cameroun will remain a member of the French Union after becoming independent, most of these barriers to U.S. farm imports will continue.

As a member of the French Union, Cameroun is subject to franc zone requirements. Imports from dollar areas are restricted by foreign exchange and import licensing regulations. Cameroun is allowed only to import goods necessary for its economic development and which are not available from the franc zone or countries whose currencies are more readily available than dollars. Bilateral trade agreements outside the Union are prohibited.

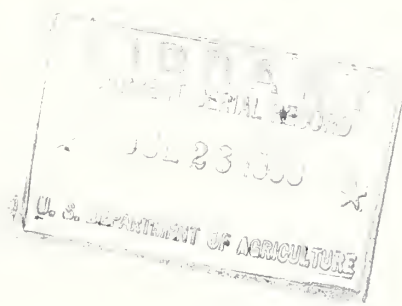
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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 17-59
July 20, 1959



WORLD DOLLAR POSITION IMPROVES
DURING FIRST QUARTER OF 1959

Summary

During the first quarter of 1959 the Free World dollar situation which prevailed at the end of 1958 continued without substantial change. The total gold and dollar assets, public and private, of foreign countries 1/ increased \$706 million. Reserves as of March 31, 1959 amounted to over \$34 billion.

The industrialized countries, in general, continued to increase their reserves, despite a large drop in the reserves of West Germany. The transactions revealed a net increase in gold and dollar assets of about \$430 million for this group of countries.

Reserves of underdeveloped countries also increased partially as a result of a modest recovery in commodity prices and seasonal trade movements. This improvement cannot yet be said to reflect any conclusive reversal of the previous downward trend.

1/ Excludes gold holdings of Soviet Bloc.

The general foreign increase in reserves (including a rise of \$177 million holdings of international institutions) was mainly the result of transactions with the United States. U. S. payments during the quarter exceeded receipts by the substantial amount of \$927 million on a seasonally-adjusted basis. A drop in the outflow of investment capital was offset by an even greater fall in the U.S. trade surplus; this surplus of only \$248 million (seasonally adjusted) was the smallest of the postwar period.

Outlook for U. S. Agricultural Exports

Prospects appear good for U.S. agricultural exports in 1959. Contributing factors include the revival of Europe's economy, combined with continued U.S. economic expansion and the strengthened dollar position of most of the main commercial markets of the U.S. in Western Europe. In addition, there have been, and are now, under consideration programs of further dollar liberalization in connection with the extension of currency convertibility in December 1958. Commenting on this development, at the recent 14th Session of the General Agreement on Tariffs and Trade, the U. S. Representative noted that "the currency convertibility measures have created a new setting for commercial policy. As inconvertibility has given way to convertibility, so discrimination and bilateralism should now give way to nondiscrimination and multilateralism."

The new U.S. cotton export program (beginning August 1) in combination with the reduction in domestic support prices will probably mean a substantial reduction in cotton export prices. This program, plus reduced foreign carry-over, an expected rise in foreign consumption, and prospects of lower production of competitive foreign cottons is expected to result in a sizeable increase in U. S. cotton exports this year.

U.S. agricultural export outlook in the underdeveloped countries, appears to be improving slightly. Many of these countries, however, will continue to rely on Public Law 480 programs for much of their food needs.

U.S. Balance of Payments

Continuing the trend of recent years, U. S. payments exceeded receipts in foreign transactions by the substantial sum of \$927 million, seasonally adjusted, during the first quarter of 1959. The U. S. trade surplus of only \$248 million was the lowest quarterly figure since World War II. This small surplus was insufficient to offset the sizeable deficit which the United States normally incurs in its non-merchandise transactions with other countries. These transactions include mainly U.S. Government aid programs of both grants and loans abroad; they also include private U.S. investment abroad which dropped off considerably during this quarter.

The trade surplus of roughly \$250 million for the quarter contrasted with \$900 million for the same quarter of 1958. The quarterly total for merchandise exports of \$3,773 million is a record low for recent years. While the import figures of both \$3,525 million for the quarter and \$1,301 million

for March alone were record high quarterly and monthly figures.

U.S. private capital outflow for the quarter was at an extremely depressed level, totaling only \$394 million in comparison with \$726 million for the fourth quarter of 1958. This was largely due to tight bank credit and rising interest rates in the United States in relation to easier credit conditions in Western Europe.

Individual Country Developments

Most countries, including such large holders of gold and dollars as Canada, Belgium, Switzerland, and Venezuela showed little change of position. The outstanding changes during the quarter are summarized as follows:

Japan increased its gold and dollar reserves by \$132 million, pointing toward the resumption of high levels of trade and domestic business activity now underway. Its reserves have increased steadily from their low point almost 2 years ago, partially due to curtailed imports through 1958 and reduced industrial activity.

The United Kingdom continued to make substantial gains in its general economic and trade position. In spite of a repayment of \$200 million to the IMF in March its gold and dollar reserves increased by \$190 million. Its present level of \$4,109 million compares with \$3,701 million a year ago.

Italy continued to experience substantial increases in its reserve holdings which reached a new high of \$2,352 million on March 31. The extension of convertibility in December 1958 reflected a generally improved economic and financial position; this includes both a firm monetary and fiscal policy keeping prices under control internally, and an improvement in its foreign trade and exchange reserve position.

France showed a large improvement of \$112 million in its gold and dollar reserves, mainly the result of returning capital which had fled the country shortly before devaluation in December 1958. This represents the beginning of moderate improvement in the general French economic situation which may be expected to continue during this year.

Exchange reserves of the Netherlands continued to increase in the first quarter to a total of \$1,630 million. The increment of \$118 million reflected a further favorable movement in the terms of trade which resulted in a reduced trade deficit.

Though West Germany's gold and dollar reserves decreased by the sizeable sum of \$344 million, this did not reflect any deterioration in its normally large trade surplus. Rather it was the result of extraordinarily large exports of some long-term and mostly short-term capital and an advance payment of \$150 million to the United States on its postwar debt. As of March 31 West German reserves were still at the impressive level of \$4,063 million.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries and International Institutions

Area and country	Dec.31 1957	Mar.31 1958	June 30 1958	Sept.30 1958	Dec.31 1958	Mar.31 P 1959
<u>Million U.S. Dollars</u>						
Continental Western Europe:						
Austria	460	465	473	561	612	636
Belgium-Luxembourg (& Belgian Congo)	1,190	1,266	1,400	1,477	1,528	1,495
Denmark	149	168	151	199	206	212
Finland	104	101	87	103	105	114
France (& dependencies) 1/	955	921	916	1,030	1,146	1,258
Germany (Federal Republic of)	4,113	3,986	4,052	4,343	4,407	4,063
Greece	167	167	135	125	139	151
Italy	1,533	1,530	1,682	1,935	2,209	2,352
Netherlands (& Netherlands West Indies & Surinam)	1,058	1,274	1,302	1,402	1,512	1,630
Norway	243	245	240	241	293	279
Portugal	651	658	678	694	707	728
Spain	129	133	135	137	109	103
Sweden	484	469	462	499	517	529
Switzerland	2,813	2,738	2,777	2,821	2,853	2,861
Turkey	162	157	156	154	164	164
Other 2/	863	968	1,140	1,171	1,373	1,419
Total	15,074	15,246	15,786	16,892	17,880	17,994
Sterling Area:						
United Kingdom	3,080	3,701	4,030	4,067	3,919	4,105
United Kingdom dependencies	108	106	105	104	113	114
Australia	211	218	222	228	241	245
India	330	327	329	321	324	337
Union of South Africa	256	232	184	217	242	222
Other	262	267	265	274	294	299
Total	4,247	4,851	5,135	5,211	5,133	5,326
Canada	3,195	3,163	3,432	3,378	3,438	3,503

Latin America:

Argentina	263	270	266	245	203	233
Brazil	457	441	451	459	464	505
Chile	116	118	127	125	140	135
Colombia	215	200	192	207	241	259
Cuba	525	517	503	495	452	429
Guatemala	92	93	91	75	69	70
Mexico	569	539	488	520	565	547
Panama	137	150	135	149	148	158
Peru	84	82	93	92	96	93
Uruguay	236	267	259	262	262	276
Venezuela	1,556	1,430	1,462	1,235	1,215	1,229
Other	290	312	316	284	259	305
Total	<u>4,544</u>	<u>4,419</u>	<u>4,383</u>	<u>4,148</u>	<u>4,114</u>	<u>4,239</u>

Asia:

Indonesia	190	128	127	129	145	157
Iran	193	190	202	181	184	195
Japan	716	835	933	1,019	1,095	1,227
Philippines	186	201	180	194	189	183
Thailand	270	270	261	253	246	251
Other	785	780	772	730	785	831
Total	<u>2,340</u>	<u>2,404</u>	<u>2,475</u>	<u>2,506</u>	<u>2,644</u>	<u>2,844</u>

All Other:

Egypt	228	216	192	192	190	190
Other	169	179	159	144	148	157
Total	<u>397</u>	<u>395</u>	<u>351</u>	<u>336</u>	<u>338</u>	<u>347</u>

Total Foreign Countries

	29,797	30,478	31,562	32,471	33,547	34,253
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International Institutions

	<u>2,919</u>	<u>2,919</u>	<u>3,142</u>	<u>3,252</u>	<u>3,371</u>	<u>3,548</u>
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Grand Total

	32,716	33,397	34,704	35,723	36,918	37,801
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P Preliminary

1/ Excludes gold holdings of French Exchange Stabilization Fund

2/ Includes Yugoslavia, Bank for International Settlements (including European Payments Union account through December 1958 and European Fund account thereafter), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

3/ Part of the United Arab Republic since February 1958.

4/ Excludes gold reserves of the U.S.S.R., other Eastern European countries, and China Mainland.

Note --- Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. U.S. Government bonds and notes represent estimated holdings with original maturities of more than one year.

As for Latin America, in general, the decline in gold and dollar reserves for the area, which had moderated during the last quarter of 1958, was reversed during the present quarter. Reserves, however, are still below a year ago. Various special factors are responsible for the quarterly upturn, including: (1) an improvement in primary product prices, (2) a normal seasonal increase in export earnings, and (3) aid from international institutions.

Such aid includes a scattering of IBRD loans to a number of countries and an IMF drawing by Mexico of \$22.5 million. The \$30 million improvement in the exchange position of Argentina was partly due to an IMF drawing of \$15.5 million, while Brazil's increase of \$41 million was largely the result of seasonal factors.

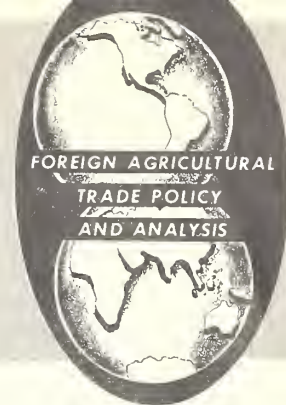
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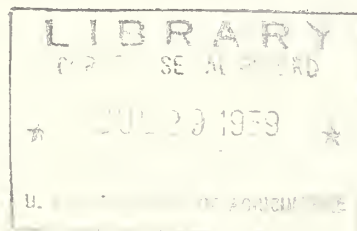
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FATP 18-59
July 21, 1959

P.L. 480'S CONTRIBUTION TO

INDIA'S ECONOMIC DEVELOPMENT

India has been the largest recipient of U.S. agricultural commodities under Title I, of Public Law 480 since the latter became effective in 1954. Public Law 480 sales of these commodities to India have been important to that less-developed nation in its effort to achieve higher economic development.

In evaluating the significance of the Public Law 480 program in India's economic progress, it is necessary to review past agricultural production in India; the economic development plans of the country with their successes and failures, and future development plans in the light of the many problems the Asian subcontinent is now facing.

Economic Development in India

Like most less-developed countries which have recently achieved independence, India has been aware of the need for economic and social improvement and has embarked on multi-year development plans. These plans have, as their general goal, the more efficient utilization of economic and natural resources and the improvement of living standards.

An important part of these programs has been the expansion of agricultural production through construction of irrigation works, use of fertilizers and improved seed, insecticides, and better cultivation practices. By increasing agricultural production, India was to obtain additional foreign exchange through larger exports and reduced imports of agricultural commodities. This, in turn, was to become one of the principal sources of funds for economic development.

India has 300 million acres of tilled crop land, increased to the equivalent of 340 million by double cropping, and is one of the largest agricultural producers in the world. However, with over 400 million people, two-thirds of whom are engaged in agriculture, and with primitive methods of cultivation and very low yields, India has long been deficient in food and fiber. It has had to import from 1 to 5 million tons of food grains annually to maintain its population at a level of consumption which is one of the lowest in the world.

In 1951, India embarked on its First 5-Year Plan. Government expenditure on planned projects during this five-year period was the equivalent of approximately \$4.4 billion; of this, 14 percent was spent on agriculture, 31 percent on irrigation and power, 4 percent on industry, 27 percent on transport, and 24 percent on social services. In addition, private investment supplied approximately \$3 billion.

Because of the critical food and fiber situation that prevailed in India in 1950 and 1951, agricultural and related programs were given high priority in the First 5-Year Plan. At the beginning of the Plan period, the production of both food grains and many of the principal commercial crops was well below the minimum needs of the country. In food grains alone, the deficit in 1950 at the existing low per-capita level of consumption was more than 3 million metric tons. Food grains, sugar, and cotton cloth were subject to strict rationing and price controls. To overcome, or reduce, the deficiencies, the following increases in production were planned: food grains, 14 percent; cotton, 42 percent; jute, 63 percent; oilseeds, 8 percent; and sugarcane, 12 percent. Only jute and sugar failed to reach the target level by 1955-56. Food grain production exceeded the 1955-56 target level by 1953-54. In most respects, the First 5-Year Plan was considered to have been successfully completed and India thought it was well on the road to agricultural self-sufficiency.

The First Plan phased into the current Second Plan, in which agriculture is also important but which places increasing emphasis on industrialization. The stated objectives of the Second 5-Year Plan (April 1956 - March 1961) were (1) rapid industrialization, with particular emphasis on basic and heavy industries, (2) a sizable increase in national income to raise living levels, (3) a large expansion of employment opportunities, and (4) a reduction of inequalities of income and wealth.

The total investment in the Second Plan was to be about double that of the First Plan. Of the estimated expenditure of \$15 billion, two-thirds was projected as government expenditures and one-third private expenditures. The breakdown of government expenditures was forecast as follows: agriculture and community development, 11.8 percent; irrigation and power, 19 percent; industry and mining, 18.5 percent; transport and communications, 28.9 percent; social services, 19.7 percent; and miscellaneous, 2.1 percent.

Agricultural production targets in the Second Plan called for an increase of 17 percent in the total annual output of farm products by 1960-61, using 1955-56 production as a base.

Foreign exchange deficits of the Second Plan were estimated at \$2.3 billion (\$1.7 for the public sector and \$0.6 for the private sector). Of this, \$400 million was to be obtained from drawing down sterling reserve balances, and \$1.9 billion were to be borrowed from IRBD, loans and grants from foreign governments, flotation of loans in foreign markets and through foreign private investment.

Before the first year of the Second 5-Year Plan was completed, India realized that agricultural production was going to fall short of projected goals. In fact, production in the previous 2 years had been below the 1953-54 level. At the same time, consumption had increased very rapidly. India found that as soon as it had achieved some improvement in health, education, and income levels, the population and per capita consumption went up so rapidly that total consumption outstripped the increase in production. Thus, most of the greater production, which was designed for export, had to be utilized domestically and importation for consumption had to be increased. Imports of food grains in 1956 were more than double the level of 1955.

Between 1955 and 1957, India's foreign exchange balances fell 50 percent because exports did not reach planned levels, importation of food and fiber had to be increased, and a larger proportion of the capital goods required in economic development had to be imported during the first 2 years of the Plan than was originally intended.

These difficulties resulted in a revision of the Second 5-Year Plan. More emphasis was put on agricultural production with new goals set at a 28 percent increase over 1955-56. Expenditures on development projects in the public sector were lowered from \$10 billion to \$9.5 billion. The foreign exchange deficit of the Second Plan, originally planned at \$2.3 billion, was increased to \$3.5 billion. Planned food grain imports for the Second Plan period was raised from the original estimate of 6 million tons to 12 million and actual imports will be larger than this amount.

In 1956, it became apparent to India that crop production would fall below expectations, import requirements were increasing, and foreign exchange balances had fallen sharply. India then requested a Title I, Public Law 480 agreement from the United States. This agreement was signed in August, 1956 and was intended to run for 3 years, with a total market value of \$362.4 million, including certain ocean transportation costs. This included 3.8 million tons of wheat, 200,000 tons of rice, 247,000 bales of cotton and some other agricultural commodities.

Although this was for a 3 year period, food deficits became so serious in India (partly because of unfavorable weather) that the food commodities were all imported in less than 2 years and a supplemental agreement was signed in June, 1958 for \$57 million. This included 580,000 tons of wheat and 200,000 tons of coarse grains.

In September of 1958, a new Public Law 480 agreement was signed with India for \$238.8 million, including 2.8 million tons of wheat and 300,000 tons of coarse grains. Although this was planned for a period of one and one-half years, most of this grain had already been shipped by April, 1959.

These shipments of surplus agricultural products have come at a very opportune time for India. In the first place the Public Law sales have enabled India to purchase with its own currency the extra food and fiber which its diminishing foreign exchange balances would not otherwise have permitted it to buy. Thus, the sales have prevented a serious decline in consumption and averted a complete exhaustion of India's foreign exchange balances. The United States has furnished 5.4 million tons of grain under Title 1, Public Law 480 out of total imports of 7.2 million tons during the last 3 years. The U.S. has also supplied India additional amounts of grain through other aid programs.

Secondly, about 80 percent of the local currency generated from these sales have been set aside for use by India in the form of grants and loans for economic development. Of the \$660 million included in the 3 Title 1, Public Law 480 programs, \$89.8 million is earmarked for grants for multi-lateral trade and economic development, \$73.9 million for loans to private enterprise, and \$383.8 million as loans to the Government of India. This gives India more than \$500 million to be applied against its investment requirements of the Second 5-Year Plan. In the spring of 1959, a loan of \$200 million was made from these funds for 14 river valley development projects. Another loan of \$55 million had previously been made to the Refinance Corporation of India. Thus, these Public Law 480 generated funds have begun to be utilized for worthwhile projects. (Other U.S. aid programs have also contributed significantly to India's economic development.)

Outlook

The situation in India during the past few years probably will continue for some time. It is unlikely that agricultural production will increase to anywhere near the 28 percent goal which was projected in the Second 5-Year Plan. Some increases will be obtained through expansion of irrigation and other improved cultural practices. However, per acre crop yields in India are among the lowest in the world and have increased only a little during the 2 Plans. The agricultural soils have been tilled for centuries without additions of organic material and plant nutrients except in cases where flood waters have inundated agricultural areas. To increase yields significantly will require substantial amounts of fertilizer. India probably will have difficulty allocating its diminishing foreign exchange for the importation of this fertilizer.

It may be years before sufficient fertilizer plants are constructed in India. Four nitrogen fertilizer plants were planned during the Second Year Plan, but, so far, only one is under construction. It has been estimated that by 1965-66 India should use 1,500,000 tons of nitrogen, which would require the building of a fertilizer plant with a 200,000 tons capacity of nitrogen every year until that time. India still would need to import or produce domestically 1 million tons of phosphoric acid and potassium oxide.

India has made great strides in the development of an extension service or community development program, but because of the illiteracy of the farmers, small farm size, lack of capital for production requisites, improvement in agricultural production is going to come about very slowly. It will probably take several generations for India's agriculture to pass out of the underdeveloped category.

The consumption of food grains and pulses in India has been increasing over the last 3 years faster than production. (It is estimated to be 75 million tons in 1958-59.) This is likely to continue for several years and the food deficit will likely become even greater. The increase of population of 8 million persons per year in itself will require a million tons of additional food grains each year. With economic development which has occurred over the past 8 years, some increase in per capita income has been realized. This has resulted in an increase in per capita consumption. With an increase in per capita intake of 100 calories per day, India would require an additional 5 million tons of food grains per year. Caloric intake has been increased by this amount over the past 3 years.

It is likely that it will take at least 5 years, instead of the remaining 2 for India to achieve its Second Plan goal of 81-million-ton production of food grains. At the same time, consumption likely will increase to 87 million tons. This would leave a net food grain deficit of 6 million tons. Of this, India could probably be expected to import about 1 million tons commercially. (India has imported commercially less than 3 million tons during the last 3 years.)

It is also believed that because of the rapidly growing population in Asia, sufficient rice will not be produced in the region to supply consumption needs. It is estimated that India will have to obtain about 25 million tons of food grains, mostly wheat, above the 5 million tons expected to be imported commercially over the next 5 years, if food requirements are to be met. This anticipates at least one year in which crop production is greatly reduced because of drought conditions resulting from the failure of the monsoons. Most of these requirements for food grains probably would have to come from the United States under concessional sales, if they are to be met. However, additional quantities would probably also come from Australia and Canada.

If these quantities of grain, plus certain amounts of dried skim milk, cotton, fats and oils, and tobacco were sold to India under the Title I, Public Law 480 program, the rupee equivalent of approximately \$2 billion

would be deposited to the U.S. account in India over the 5-year period. The size of the program would vary from year to year and would probably be larger at the end of the period than in the beginning. If about 80 percent of these funds, or \$1.6 billion were made available for loans and grants for economic development, (public and private) this would amount to about 10 percent of the total investment of a 5-year plan the size of the Second Plan.

The importation of these food grains under a Title I, Public Law 480 Program will also be important to India in saving its limited foreign exchange for its development programs instead of having to spend it for food imports. Over the next several years, India is going to have difficulty obtaining the foreign exchange required for normal government expenditure and for economic development. The traditional Indian exports of cotton and jute manufactures and tea are entering more competitive world markets, and the cost of imported capital goods to carry out development programs is increasing. A portion of the additional production from new factories is finding a ready market at home and, therefore, is unlikely to become important as a foreign exchange earner.

As a result of agricultural and industrial production not reaching projected levels, gross national income will not increase as much as expected by the end of the Second 5-Year Plan. So India will not have the financial resources needed to provide for the investment in the Third 5-Year Plan, now contemplated to be larger than the Second Plan. Therefore, the third plan is likely to require more investment capital from external sources than for the second plan. Some of this increased investment could be generated by the sale of U.S. surplus agricultural commodities.

Table 1 - INDIA: Production of food grains and pulses, 1949-50 to 1958-59, and Second and Third 5-Year Plan goals

<u>Crop year</u>	<u>1,000 metric tons</u>
1949-50	54,916
1950-51	50,825
1951-52	51,997
1952-53	59,202
1953-54	69,821
1954-55	68,035
1955-56	66,850
1956-57	69,852
1957-58	63,022
1958-59 Estimated	73,660
1960-61 Goal at end of Second 5-Year Plan	81,300
1965-66 Suggested goal at end of Third 5-Year plan	110,000

Table 2 - INDIA: Imports of cereals on government account, 1950-58

Year	Rice	Wheat and flour	Other	Total
<u>1,000 metric tons</u>				
1950	359	1,430	371	2,160
1951	761	3,063	964	4,798
1952	734	2,551	641	3,926
1953	178	1,771	146	2,035
1954	613	200	8	821
1955	269	442	--	711
1956	330	1,113	--	1,443
1957	748	2,892	--	3,640
1958	396	2,709	138	3,243

Table 3 - INDIA: Planned uses of foreign currencies generated under Title I, Public Law 480 agreements with the United States from July 1, 1954 through December 31, 1958.

<u>Use under section 104</u>	<u>Million dollars</u>
a. Market development	4.0
d. Purchase of goods for other countries	6.0
e. Grants for multilateral trade and economic development	89.8
e. Loans to private enterprise	73.9
f. Payment of U.S. obligations	92.6
g. Loans to India	383.8
h. International educational exchange	1.8
i. Translation and publication	1.1
j. Information and education	<u>5.2</u>
Total amount in agreements	658.2 <u>1/</u>

1/ Excluded certain ocean transportation costs for which India is not accountable, therefore, does not agree with total market value including ocean transportation in Table 4.

Table 4 - INDIA: Commodity composition of Title I, Public Law 480 agreements signed with the United States from July 1, 1954 through December 31, 1958

<u>Commodity</u>	<u>Million dollars</u>
Wheat and flour	444.0
Feed grains	22.1
Rice	26.4
Cotton	41.8
Tobacco	6.0
Dairy products	3.5
Market value	543.8
Ocean transportation	123.2
Market value including ocean transportation	667.0
CCC cost w./o.t.	948.3

Table 5 - Title I, Public Law 480 shipments to India, January 1955 - December 1958

	<u>1,000 metric tons</u>	<u>\$1,000 U. S.</u>
Wheat	5,040.75	301,026
Corn	58.54	2,991
Grain sorghums	86.59	3,436
Rice	196.81	26,393
Cotton	40.92	29,988
Tobacco	1.89	4,064
Non-fat dry milk	<u>11.77</u>	<u>2,174</u>
Total	5,437.27	370,072
Total Programed		543,789

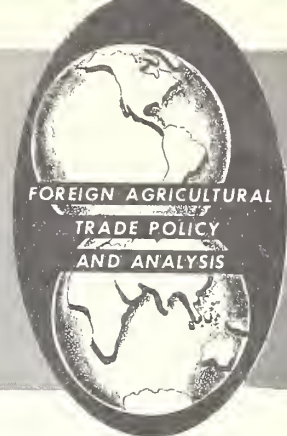
Table 6 - INDIA: Second 5-Year Plan, public sector

	<u>Billion rupees</u>	<u>Billion dollars</u>
Total Programs Planned	48.0	10.0
Revised plan total	45.0	9.5
Agriculture	5.1	1.1
Irrigation and power	8.2	1.7
Village and small industries	1.6	.3
Large and medium industries	7.0	1.5
Mineral development	.9	.2
Transportation and communications	13.4	2.8
Social services	8.1	1.7
Miscellaneous	.7	.2

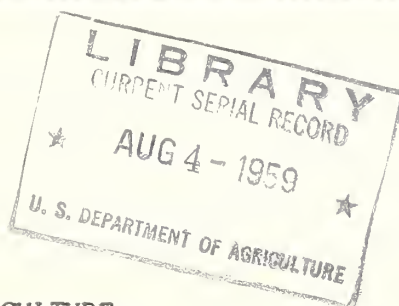
Government of India

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FOREIGN AGRICULTURE CIRCULAR



U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 19-59
July 22, 1959

CHANGES BY NEW BURMESE

GOVERNMENT DOMINATE AGRICULTURE

The military "caretaker" government which took office in Burma in late October 1958 has made many changes in agricultural programs while still operating within the framework of agricultural policy established by the preceding government.

This policy is based on a desire to increase exports of key commodities, particularly rice, while striving for agricultural self-sufficiency.

Harassment by insurgents has constituted a major government problem, and an important reason for the transfer of government to the armed forces. Insurgent control of many foodstuffs and interference with transportation contributed to an inflationary trend. The situation has improved, however, under the new regime. The agrarian economy has begun to function smoothly as agricultural foodstuffs and raw materials flow freely to market. Previously strife-torn areas are being rehabilitated and restoration of long-neglected rice land is progressing steadily. The consolidated position of the present government and accompanying political stability are likely to be more conducive to foreign investments.

High ranking army officers, now in charge of many government agencies, have almost complete authority. The largely non-political military supervision has resulted in the abandonment of many projects considered uneconomic.

Agricultural Trade Regulations and Agreements - There has been little change in Burmese tariffs. However, U. S. tobacco stands to benefit from a contemplated duty reduction from 200 percent ad valorem to 100 percent.

Tight import controls have been maintained, enabling foreign exchange holdings to remain relatively stable for the past year. In an unprecedented move, the government appointed a number of private firms to act as rice and rubber export agencies, thereby creating a competitive sales system.

Burma, with Thailand, dominates the world rice export picture. Hence, nearly all prominent Burmese trade agreements involve sizable rice exports. A continuing agreement with India, signed in 1956, provides for the export of 5 million tons of rice over a 5-year period. Arrangements have thus far been made to purchase only 350,000 tons in 1959. More recently, an agreement negotiated with the Soviet Union calls for up to 5 million tons of rice over a 5-year span. In 1958, however, the U.S.S.R. took no rice and shipments during the first 5 months of 1959 have been limited to 50,000 tons. Agreements providing for the export of much smaller quantities of rice have been negotiated with Pakistan, Mauritius and Yugoslavia.

Internal Market and Price Regulation - The Burmese government has fixed prices for several essential commodities in order to arrest the inflationary trend. Included in the "essential" group are all agricultural implements, agricultural products and textiles. Price controls have lowered the low income group consumer price index from 122.2 at the time the new government came into power, to 115.9 by March 1959. In addition to this, a maximum markup rate for essential items has been adopted which limits both the importer and the wholesaler to a 5 percent markup, while the retailer is allowed a maximum markup of 10 percent. This system should keep the price of Public Law 480 agreement imports of cotton textiles and vegetable oil imports at present levels.

Land Reclamation - Land reclamation has been the principal means of expanding agricultural production; hence the new government has demonstrated an active interest in many land reclamation projects. Most reclamation is being accomplished through water control, either by drainage canal or dam construction. The large Thitson dam which was designed by the Russians, but which is to be constructed by the Burmese, is expected to irrigate 80,000 acres.

Approximately \$5.4 million of a \$25 million U. S. International Cooperative Administration loan and \$8.4 million worth of Public Law 480 local currency is being allocated to land restoration under the "Grow More Paddy" program. This will augment substantial Burmese government investments in land reclamation. An estimated 335,000 acres have been returned to cultivation while the construction of drainage canals protects an additional 500,000 acres from frequently disastrous annual flooding.

Double Cropping - The Burmese Land and Rural Development Commission has successfully introduced double cropping of jute and rice in the high-rainfall rice region. By removing excess water with pumps, rice land has been worked

and planted to jute in February or March. Jute harvest is completed in time to plant rice in July following the arrival of the monsoon in May. Initial success in producing high quality jute indicates the feasibility of continuing to import lower quality raw jute while exporting the domestically produced crop. Jute cultivation appears to be a practical area of production expansion and diversification.

Dry Zone Development - A special interest has been demonstrated by the new government in the upper Burma dry zone which is at present agriculturally underdeveloped. The military view point is that this region should be developed agriculturally in order to attract people and thereby strengthen the area. Construction of dam and irrigation systems as planned will provide the necessary moisture in an area otherwise well suited to cotton culture. At present, cotton is a major import requiring extensive foreign exchange expenditures.

Construction of Fertilizer Plant - The new government is considering the construction of a fertilizer plant to permit use of a \$280,000 New Zealand Colombo Plan grant which expires at the end of 1959. The proposed mixed fertilizer factory would have a 100,000 ton annual production capacity. About 4,000 tons is now imported, as none is manufactured domestically. Prohibitive cost and limited foreign exchange holdings have restricted fertilizer use to a fraction of recommended levels.

Improving Rice Quality - Efforts are being made to improve the quality of Burmese rice, particularly rice for export. U. S. loans will supplement Burmese funds in building new mills and improving and modernizing existing mills. These measures are expected to result in a higher quality rice which will compete more effectively in the international market.

Rice Bran Oil Extraction - The Burmese have shown much interest in rice bran oil, and 2 small commercial mills have begun to produce it. Successful expansion of commercial oil extraction from rice bran is particularly advantageous in view of the large quantities of bran available. Present government plans provide for the financing of 12 mills having an annual capacity of 8,000 tons total. Extensive foreign exchange savings might result from this development of this nature, as 15,000 tons of edible oils are now imported annually.

Agrarian Reform - In April 1959 the land nationalization begun in 1953-54 was temporarily suspended pending investigation of its implementation in regard to conformity with the basic principles of the Act. Well-founded charges of politically oriented land apportionments were the basis for the suspension and investigation. By 1957-58 a total of 3,356,000 acres had been nationalized. Of this total, 1,625,000 acres had been exempted while

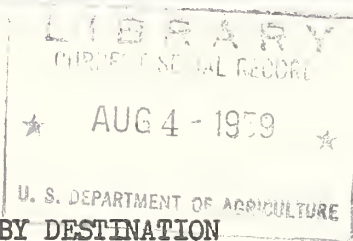
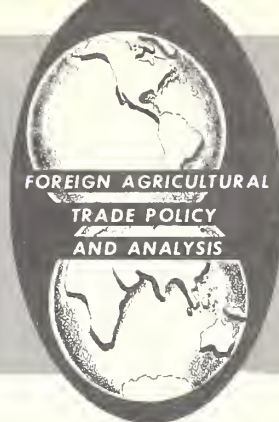
1,449,000 acres had been redistributed. Local Village Tenancy Disposal Boards formerly responsible for allocation of land have been replaced by Township Tenancy Disposal Boards, composed of federal, rather than local officials. Experience has indicated that administration of the program under federal officials is less partial than that under locally appointed boards.

Foreign Assistance - Under the new government, all foreign advisors and aid personnel were retained except those on the Burmese payroll. During the past fiscal year Burma received an ICA loan of \$25 million plus \$17 million worth of local currency accruing from Public Law 480 sales. In addition, Burma continues to receive assistance from the United Nations agencies, the Colombo Plan and the Ford Foundation. Assistance from Israel and the U.S.S.R. has declined considerably as their projects have neared completion.

In July 1959 Burma reversed a 6-year refusal to accept aid from the United States by agreeing to receive a grant of \$37 million in economic assistance. This grant consists of \$31 million, and \$6 million in local currency accruing from Public Law 480 sales. Projects designated to receive initial assistance are a highway linking the capital city and port of Rangoon with Central Burma and dormitory-classroom facilities at the University of Rangoon. This grant, to cover a 4-year period, is dependent upon U. S. congressional appropriation.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



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July 24, 1959

U. S. AGRICULTURAL EXPORTS BY DESTINATION

CALENDAR YEAR 1958

Decline in cotton exports highlighted smaller exports to many markets. The major commodity development in 1958 was the decline in cotton exports. U. S. agricultural exports were the sixth highest on record in calendar year 1958 despite the decline in cotton, which accounted for 60 percent of the overall reduction. The drop in cotton reflected larger exportable world supplies, weaker foreign demand, and underselling of most U. S. qualities by foreign growths. Cotton accounted for smaller exports to many of the major markets in 1958, especially Japan and Europe. Other exports that fell included wheat, rice, livestock products, vegetable oils, and oilseeds. There were increases in feed grains and fruits, and practically no change in tobacco and vegetables.

EXPORTS TO MAJOR WORLD AREAS

Exports declined to all major areas in 1958. The calendar year agricultural export decline from \$4,507 million in 1957 to \$3,854 million in 1958 extended to all areas—Europe, Asia, Latin America, Canada, Africa, and Oceania. The decline to Europe, the major industrial area, was greatest, however. Exports to Europe dropped from \$2,255 million in 1957 to \$1,840 million in 1958, a reduction of \$415 million, or 18 percent. Shipments to Oceania were down 20 percent; Africa, 16 percent; Asia,

TABLE 1.—U. S. agricultural exports to major areas, calendar years 1957 and 1958

Area	1957	1958	Decrease	Change	Share of total	
					1957	1958
	\$ Million				Percent	
Europe	2,255	1,840	-415	-18	50	48
Asia	1,185	1,013	-172	-15	26	26
Latin America	576	544	-32	-6	13	14
Canada	354	344	-10	-3	8	9
Africa	83	70	-13	-16	2	2
Oceania	54	43	-11	-20	1	1
Total	4,507	3,854	-653	-14	100	100

15 percent; Latin America, 6 percent; and Canada, 3 percent. Europe took 48 percent of the exports in 1958 compared with 50 percent in 1957.

Half of exports went to Europe. Despite the 18-percent decline in exports to Europe in 1958, it took 48 percent of U. S. agricultural shipments. Most of the reduction was in cotton, reflecting in part the recession in the European textile industry. This was part of Europe's rather mild general recession of late 1957 and early 1958, which represented mainly a leveling off of economic activity. Exports to Switzerland showed the largest percentage decline: 38 percent. Other substantial percentage reductions were 34 percent to Italy, 30 percent to Belgium and West Germany, 26 percent to Yugoslavia, and 18 percent to the United Kingdom. On the other hand, exports to Spain improved by 44 percent, and those to Poland by 25 percent. These two gains reflected shipments under Title I of Public Law 480.

Actions were taken to reduce dollar import discrimination. Europe's international financial position strengthened considerably in 1958. There was a substantial flow of gold and dollars into Europe, adding to country reserves and improving payments positions. Western Europe moved in late 1958 toward nonresident currency convertibility of sterling and other European currencies. These and other actions greatly reduced the reasons for less favorable treatment of dollar imports and of imports from other currency areas. Some countries eased restrictions on dollar imports during the year.

Common Market became effective in 1958. The Common Market Treaty, signed in March 1957 by West Germany, France, Italy, and the Benelux countries, went into effect on January 1, 1958.

TABLE 2.--Leading foreign outlets for U. S. agricultural products, calendar year 1958 with comparisons

Country	1957	1958	+ or -	Chg.
	- \$ Million -			%
United Kingdom	501	409	-92	-18
Japan	454	361	-93	-20
Canada	355	344	-11	- 3
West Germany	411	286	-125	-30
Netherlands	238	205	-33	-14
India	253	176	-77	-30
Cuba	147	145	- 2	- 1
Spain	100	144	+44	+44
Italy	214	142	-72	-34
Rep. of Korea	123	111	-12	-10
Mexico	104	106	+ 2	+ 2
Belgium	145	102	-43	-30
Yugoslavia	129	95	-34	-26
France	85	87	+ 2	+ 2
Venezuela	82	84	+ 2	+ 2
Other	1,166	1,057	-109	- 9
Total	4,507	3,854	-653	-14

The first prescribed actions affecting internal customs duties and import quotas (applied by the Six vis-a-vis each other) became effective on January 1, 1959. The first tariff and quota adjustments are expected to have relatively less impact on the overall trade volume and patterns than future adjustments as the Common Market countries move towards the common goal of removing all tariffs among themselves and applying a common tariff against third countries.

One-fourth of agricultural exports went to Asia in 1958. Agricultural exports to Asia amounted to \$1,013 million in 1958, 15 percent under the \$1,185 million in 1957. These values were 26 percent of the total in both years. More than half the

exports to Asia were under U. S. Government-financed programs. Largest outlets for U. S. products were Japan, India, the Republic of Korea, the Republic of the Philippines, Pakistan, Israel, and Taiwan. Major declines included a 30-percent reduction in exports to India, 20 percent to Japan, and 10 percent to Korea. There were increases of 20 percent in exports to Israel, 12 percent to the Philippines, 8 percent to Pakistan, while exports to Ceylon trebled.

Latin America took 14 percent of U. S. agricultural exports. Exports of U. S. farm products to Latin America fell from \$576 million in 1957 to \$544 million in 1958. This area accounted for 14 percent of U. S. agricultural shipments in 1958 compared with 13 percent in 1957. About half of the reduction was in cotton. Most of the important markets for U. S. farm products--notably Cuba, Mexico, and Venezuela--were maintained and showed little change from the previous year. Substantial declines were 48 percent to Chile, 24 percent to Colombia, and 17 percent to the Republic of Panama. None of the increases were significant. Approximately one-fifth of the exports moved under U. S. Government-financed programs.

Exports to Canada declined slightly in 1958. Shipments of agricultural exports to Canada declined from \$354 million in 1957 to \$344 million in 1958. Last year Canada was the third largest foreign market for U. S. farm products. Canada does business on a cash dollar basis and does not participate in any U. S. Government export program. It is an important market for many of the specialized crops grown in the United States. Canada went through a minor slowdown in economic activity along with the United States in 1958, but revival in the latter part of 1958 helped maintain U. S. exports. Less U. S. cotton moved to Canada in 1958 as textile mills there used more cotton from Mexico and Central American countries. Shipments of oils and oilseeds

registered a small decline while those of feed grains, fruits and vegetables, and animal products were somewhat higher.

TABLE 3.--U. S. agricultural exports to Europe, calendar years 1957 and 1958

Country	1957	1958	+ or -	Chg.
	\$ Million	\$ Million		%
United Kingdom	501	409	-92	-18
West Germany	411	286	-125	-30
Netherlands	238	205	-33	-14
Spain	100	144	+44	+44
Italy	214	142	-72	-34
Belgium	145	102	-43	-30
Yugoslavia	129	95	-34	-26
France	85	87	+ 2	+ 2
Poland	63	79	+16	+25
Turkey	58	55	- 3	- 5
Sweden	50	44	- 6	-10
Denmark	40	40	0	0
Switzerland	60	37	-23	-38
Other	161	115	-46	-29
Total	2,255	1,840	-415	-18

Exports to Africa declined.

Agricultural exports to Africa dropped from \$83 million in 1957 to \$70 million in 1958. These shipments represented 2 percent of all U. S. agricultural exports. Most of the decline occurred to Morocco, the Union of South Africa, Belgian Congo, and French West Africa. Egypt, which took tallow, tobacco, and other commodities valued at \$15 million, was the most important African outlet in 1958, followed by Morocco and the Union of South Africa. More than 30 percent of U. S. agricultural

exports to Africa moved under U. S. Government-financed programs.

Less tobacco for Australia accounted for export drop to Oceania. Agricultural exports to Oceania--the smallest area outlet--fell from \$54 million in 1957 to \$43 million in 1958. The whole decline was accounted for by Australia where U. S. exports of tobacco were down from \$31 million in 1957 to \$22 million in 1958. The other important outlet is New Zealand, which took commodities--mainly tobacco--valued at \$8 million in 1958, slightly more than in 1957.

EXPORTS TO MAJOR COUNTRIES

Two-thirds of exports in 1958 were marketed in 12 countries. Twelve countries each took more than \$100 million worth of U. S. farm products in 1958. Together they were markets for 66 percent of U. S. farm products in 1958 compared with 68 percent in 1957. This country's largest markets in 1958 included less-developed as well as industrially advanced countries. However, a substantial part of the trade with the less-developed countries was under U. S. Government-financed programs.

Export decline to the United Kingdom was chiefly in cotton. U. S. agricultural exports to the United Kingdom--still the Number One foreign outlet for U. S. farm products and the principal dollar market--shrank from the record \$501 million in 1957 to \$409 million in 1958 but were still one-third above the 1952-54 average. Shipments of cotton, down by 56 percent in value, were particularly hard hit in 1958 as British mill consumption declined and stocks were drawn down. At the same time, U. S. exports of fats, oils and oilseeds to Britain dropped by 35 percent in value, and those of food grains fell by 15 percent, while tobacco shipments were well maintained.

There was a sharp drop in lard exports as the result of reduced U. S. supplies and higher export prices. On the other hand, feed grain exports to the United Kingdom increased by 12 percent and shared in the general upsurge in European demand for feed in 1958. Moreover, there was a 13-percent value gain in exports of fruits, nuts and vegetables as substantial quantities of

TABLE 4.--U. S. agricultural exports to Asia, calendar years 1957 and 1958

Country	1957	1958	+ or -	Chg.
	\$ Million			%
Japan	454	361	-93	-20
India	253	176	-77	-30
Rep. of Korea	123	111	-12	-10
Philippines	68	76	+ 8	+12
Pakistan	60	65	+ 5	+ 8
Israel	45	54	+ 9	+20
Taiwan	52	52	0	0
Hong Kong	28	25	- 3	-11
Other	102	93	- 9	- 9
Total	1,185	1,013	-172	-15

U. S. canned and dried fruit moved to Britain during the closing months of the year under dollar-area commercial quotas set up for the first time since World War II. Dollar import liberalization and nonresident currency convertibility were significant results of Britain's prosperity in 1958.

Cotton predominated in export reduction to Japan. Agricultural exports to Japan declined from \$454 million in 1957 to \$361 million in 1958. Japan was the second largest U. S. agri-

cultural outlet despite last year's exceptionally low exports. Of the exports to Japan in 1958, 95 percent were dollar sales. Cotton accounted for about \$100 million of the overall reduction from 1957 to 1958. Japan's textile industry has been coping with overproduction, excess capacity, and lagging demand for its cotton textiles. There were also declines in exports of food grains, dairy products, and hides and skins. Increases occurred in soybeans and feed grains.

West Germany took less U. S. cotton and lard in 1958. Shipments of farm products to West Germany declined from \$411 million in 1957 to \$286 million in 1958, one-eighth above the 1952-54 average. Although West Germany fell to fourth place as a market for U. S. agricultural exports in 1958, it continued as a principal dollar outlet. Cotton exports were reduced from \$147 million to \$50 million, accounting for 78 percent of the overall export drop. Like some other countries, West Germany took less U. S. cotton in 1958 because of reduced cotton consumption, lower prices of some foreign growths and qualities, and increased drawings on inventories. There was a \$49-million drop in exports of fats, oils and oilseeds to West Germany due principally to reduced shipments of cottonseed oil and soybeans. Increased German takings of U. S. feed grains were the result of greater feed requirements and availability of large U. S. supplies at competitive prices. More U. S. tobacco was exported to West Germany in 1958, largely for stock rebuilding purposes.

Vegetable oils highlighted reduction in exports to the Netherlands. While the Dutch economy in 1958 was readjusting itself following the boom period of 1954-57, U. S. agricultural shipments to the Netherlands declined to \$205 million compared with \$238 million in 1957, but nonetheless were one-seventh above the 1952-54 average. As an importer, processor, and exporter of U. S. products, the Netherlands is traditionally the fifth largest foreign agricultural outlet. Last year's biggest reductions were in oils and oilseeds, particularly soybean and cottonseed oils, much of which are usually processed and transshipped to other countries. Other commodities that declined substantially were cotton, tobacco, animal products, and fruits.

At the same time, shipments of feed grains rose from \$42 million to \$77 million.

TABLE 5.--U. S. agricultural exports to Latin America, calendar years 1957 and 1958

Country	1957:1958		or:Chg.	
	\$ Million			%
Cuba	147	145	- 2	- 1
Mexico	104	106	+ 2	+ 2
Venezuela	82	84	+ 2	+ 2
Brazil	41	40	- 1	- 2
British West Indies	25	27	+ 2	+ 8
Colombia	34	26	- 8	-24
Peru	20	22	+ 2	+10
Chile	27	14	-13	-48
Republic of Panama	12	10	- 2	-17
Guatemala	9	10	+ 1	+11
Netherlands Antilles	9	10	+ 1	+11
Other	66	50	-16	-24
Total	576	544	-32	- 6

India was the largest foreign outlet for U. S. wheat. Agricultural exports to India--the sixth largest outlet--fell from \$253 million in 1957 to \$176 million in 1958. Although wheat exports declined by \$55 million, the \$143-million total for wheat in 1958 was the largest for any country. Exports of cotton fell from \$36 million to \$11 million. Over 90 percent of the agricultural

exports in 1958 were under Government-financed programs, mostly Title I.

Exports to Cuba held up well. Despite unsettled conditions associated with the change of government, U. S. agricultural exports to Cuba in 1958, at \$145 million, were almost as large as in 1957. Rice, lard, and vegetables remained the primary export items--all purchased for cash as Cuba does not participate in any U. S. Government-financed program.

Title I cotton and vegetable oils were important in export rise to Spain. Agricultural shipments to Spain increased from \$100 million in 1957 to \$144 million in 1958, principally because of substantial improvements in exports of cotton and edible vegetable oils. Spain's stocks were not sufficient to meet domestic requirements. Title I cotton shipments increased from \$15 million in 1957 to \$53 million in 1958; and edible vegetable oils, from \$30 million to \$62 million. Practically all of the exports to Spain were under Government-financed programs.

Most commodities were hit in sharply reduced exports to Italy. The drop in agricultural exports to Italy from \$214 million in 1957 to \$142 million in 1958 reflected a 38-percent drop in Government-financed exports, which accounted for nearly half of the total in 1958. Primary commodities involved were cotton, wheat, dairy products, and soybean oil. Tallow exports increased.

Exports of food grains declined to Korea. Agricultural exports to the Republic of Korea declined by \$12 million from 1957 to 1958, mostly in wheat and rice. Cotton shipments increased by \$10 million. Over 85 percent of the export total for all agricultural commodities in 1958 represented U. S. Government-financed programs.

Exports to Mexico were maintained in 1958. Agricultural exports to Mexico, at \$106 million in 1958, were \$2 million above the total for 1957. Increases in exports of fats and oils, dried beans, and tobacco were mostly offset by reductions in feed grains and livestock products. Government-financed programs accounted for about one-fourth of U. S. exports to Mexico in 1958.

TABLE 6.--U. S. agricultural exports to Africa, calendar years 1957 and 1958

Country	1957:1958		or: Chg.	
	\$ Million			%
UAR Egypt Region	13	15	+ 2	+15
Morocco	15	10	- 5	-33
Union of South Africa	12	9	- 3	-25
Nigeria	8	8	0	0
Ghana	6	6	0	0
Belgian Congo	6	5	- 1	-17
Tunisia	4	4	0	0
Liberia	3	3	0	0
Other	16	10	- 6	-38
Total	83	70	-13	-16

Belgian textile mills operated at lower levels in 1958.

Against a background of a general weakening of business activity in Belgium, U. S. exports of cotton to that country declined from \$42 million in 1957 to \$12 million in 1958. This decline which accounted for the bulk of the overall reduction in agricultural exports to Belgium, took place because Belgian textile mills operated at a lower level in 1958 than in 1957. Other large declines in exports were

in food grains and fats, oils and oilseeds. Exports of feed grains, on the other hand, gained by \$8 million.

Wheat predominated in export reduction to Yugoslavia. Agricultural exports to Yugoslavia fell from \$129 million in 1957 to \$95 million in 1958, nearly all under U. S. Government-financed export programs, mainly Title I of Public Law 480. Wheat exports to Yugoslavia declined from \$61 million to \$40 million--the outcome of somewhat reduced requirements following a substantially improved Yugoslav crop in 1957--and accounted for almost two-thirds of the overall export drop.

Feed grains raised agricultural exports to Poland in 1958. As the result of the second year of Title I activity, agricultural exports to Poland increased from \$63 million in 1957 to \$79 million in 1958. The gain was due mainly to the shipment of \$12 million of feed grains and \$6 million of rye in 1958 compared with none in 1957. Of agricultural exports to Poland in 1958, 84 percent moved under Government-financed programs. Another 12 percent represented Export-Import Bank financing. Major items exported to Poland in the last 2 years have been wheat, cotton, tallow, and soybeans. The feed grains shipped in 1958 consisted of barley and corn.

Greece took less U. S. wheat in 1958. Agricultural exports to Greece fell from \$46 million in 1957 to \$24 million in 1958. The bulk of the decline was in wheat, which fell from \$20 million to \$5 million, an exceptionally low level. Although Greece's wheat harvests in recent years have been close to consumption requirements, stronger wheat from abroad is considered desirable to achieve a satisfactory blend.

Indonesia's trade patterns changed. The Republic of Indonesia has been increasing its purchases from countries other than the United States. Agricultural exports to Indonesia dropped from \$22 million in 1957 to \$12 million in 1958. Exports in 1956 were at the exceptionally high level of \$55 million. Last year saw a drop in exports of tobacco from \$8 million to \$1 million, reflecting Indonesia's shift to African leaf. Food grains and cotton also declined.

U. S. agricultural exports: Major countries of destination by commodity groups, specified calendar years

Country and year	Total	Grains and preps.	Cotton and linters	Fats, oils, and seeds	Tobacco, unmanufactured	Fruits, nuts, and vegetable products	Other animal products	Private relief	Other	
		Food 1/	Feed 2/	3/		tables	4/	5/	6/	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	
Total										
1952-54 av.	3,105.7	805.3	291.1	727.5	363.9	299.8	265.9	213.6	42.9	95.7
1955	3,194.6	579.4	360.7	477.0	511.5	360.2	292.8	304.9	170.9	137.2
1956	4,157.7	949.4	389.1	728.7	661.8	333.5	392.4	373.5	175.3	154.0
1957	4,507.4	988.0	380.0	1,058.6	650.0	359.1	377.6	368.5	175.5	150.1
1958	3,854.0	811.1	486.7	660.9	540.6	354.4	392.2	311.3	153.5	143.3
United Kingdom (1)										
1952-54 av.	310.8	29.4	60.1	77.7	24.1	91.0	11.0	7.6	1.4	8.5
1955	376.9	26.0	86.3	43.4	38.7	129.8	19.4	17.0	0.3	16.0
1956	421.9	63.2	76.6	79.3	29.5	111.0	30.7	18.6	0.2	12.8
1957	500.7	51.4	88.6	144.3	41.2	128.4	18.2	18.0	0.1	10.5
1958	409.3	43.6	100.9	64.2	26.6	124.3	24.2	18.1	0.1	7.3
Japan (2)										
1952-54 av.	404.5	132.6	23.7	155.6	58.2	6.9	2.3	19.4	0.7	5.1
1955	386.1	114.6	28.4	121.2	77.5	14.0	1.2	22.9	1.3	5.0
1956	391.5	67.6	28.8	180.2	72.9	5.1	1.8	26.8	2.8	5.5
1957	454.1	84.8	27.1	217.3	84.2	3.3	2.7	26.4	2.3	6.0
1958	361.1	70.9	39.5	118.1	92.2	10.4	2.5	18.9	2.7	5.9
Canada (3)										
1952-54 av.	268.0	9.0	16.9	48.4	37.0	1.4	118.8	18.7	7/	17.8
1955	282.3	11.1	8.1	37.2	34.3	1.4	134.7	27.9	7/	27.5
1956	340.8	5.6	18.3	30.1	46.0	1.6	162.6	34.0	7/	42.6
1957	354.5	8.3	17.3	43.3	45.7	2.1	164.3	31.3	0.1	42.1
1958	344.4	8.0	20.7	29.2	41.9	2.5	167.3	32.7	7/	42.1
West Germany (4)										
1952-54 av.	255.0	69.2	14.2	70.8	30.9	38.2	6.8	10.8	10.3	3.8
1955	241.9	39.0	22.5	38.1	56.5	38.0	8.6	16.9	15.9	6.4
1956	365.6	52.8	39.4	70.6	79.4	43.0	29.1	24.9	19.3	7.1
1957	411.4	44.0	18.9	147.3	81.9	46.0	30.0	21.7	10.9	10.7
1958	285.5	36.1	32.3	50.5	33.4	59.9	36.8	19.9	8.3	8.3
Netherlands (5)										
1952-54 av.	179.9	23.8	25.7	21.3	61.1	16.7	12.4	12.8	0.1	6.0
1955	242.7	38.3	64.4	10.2	73.7	13.4	12.3	20.2	7/	10.1
1956	272.7	48.7	61.8	20.1	71.7	15.1	26.0	19.0	7/	10.3
1957	238.4	19.7	41.6	29.7	80.0	16.0	21.8	24.2	7/	5.4
1958	205.4	17.4	76.8	11.9	47.0	11.6	17.1	19.2	7/	4.4
India (6)										
1952-54 av.	119.1	52.6	15.5	46.0	0.2	2.3	7/	0.8	1.2	0.5
1955	43.9	7/	11.1	3.0	0.1	2.9	7/	2.3	23.7	0.7
1956	87.1	42.5	7/	25.8	0.1	1.7	7/	2.8	13.4	0.7
1957	252.9	197.7	7/	36.9	7/	2.7	0.1	4.0	10.9	0.5
1958	175.9	142.6	6.7	11.4	0.1	2.9	7/	3.4	8.7	0.1
Cuba (7)										
1952-54 av.	143.6	61.6	2.7	3.3	27.1	7/	26.3	17.5	0.1	5.0
1955	107.6	32.4	2.5	1.4	25.5	7/	23.3	17.4	7/	5.0
1956	123.6	42.5	2.7	3.2	26.0	0	25.3	18.4	0	5.5
1957	146.8	57.6	2.9	4.8	30.8	0	26.6	20.4	0	3.7
1958	145.1	56.5	6.2	3.7	27.8	0	26.4	16.7	7/	7.8
Spain (8)										
1952-54 av.	40.1	15.1	0.1	21.2	0.2	1.5	0.1	0.5	1.3	0.1
1955	93.4	0.9	3.1	45.7	24.4	3.5	7/	1.8	13.9	7/
1956	166.0	1.2	2.7	39.3	82.6	3.2	1.5	14.3	20.9	0.3
1957	99.7	1.0	5.6	14.7	43.6	2.1	0.1	13.4	19.2	7/
1958	144.4	7/	6.2	53.0	64.4	3.8	7/	2.9	13.9	0.2
Italy (9)										
1952-54 av.	128.9	26.0	2.7	72.9	10.7	3.3	1.8	2.5	1.3	7.7
1955	93.8	7.3	1.2	24.6	16.0	3.4	1.7	7.6	29.0	3.0
1956	160.3	10.7	5.5	56.0	32.3	4.9	1.6	19.8	25.3	4.2
1957	213.9	15.9	4.4	98.1	43.1	4.5	1.2	12.8	29.0	4.9
1958	141.6	6.9	3.3	59.1	32.5	5.8	0.9	5.0	21.6	6.5

U. S. agricultural exports: Major countries of destination by commodity groups, specified calendar years

Country and year	Total	Grains and preps.	Cotton and linters	Fats, oils, and seeds	Tobacco, unmanufactured	Fruits, nuts, and vegetables	Other animal products	Private relief	Other
		Food 1/	Feed 2/	3/	4/	5/	6/	7/	8/
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Korea, Rep. of (10)									
1952-54 av.	58.2	21.9	17.0	13.2	1.7	0	0.1	2.3	1.8
1955	42.7	4.2	1.5	24.7	1.9	0	0.1	5.3	4.9
1956	79.6	13.4	14.4	26.5	2.7	4.7	0.1	7.8	7.7
1957	123.2	47.6	16.4	22.2	10.4	2.1	0.6	9.5	13.4
1958	110.8	32.7	18.0	32.5	10.4	0	0.7	1.0	14.8
Mexico (11)									
1952-54 av.	87.5	22.1	16.2	7/	14.2	2.7	11.2	16.5	7/
1955	49.4	1.7	2.6	0	11.1	2.1	5.3	20.1	0.1
1956	68.6	6.9	10.6	0	12.2	2.5	5.8	22.7	0.2
1957	103.5	0.6	53.8	7/	8.4	2.5	6.6	21.7	0.3
1958	106.3	0.6	47.6	7/	13.5	4.0	13.4	17.1	0.5
Belgium (12)									
1952-54 av.	96.7	17.7	26.5	17.0	12.8	5.6	10.0	4.6	7/
1955	109.1	12.8	45.6	4.8	16.2	9.2	9.8	4.7	0.1
1956	164.8	33.1	49.2	24.6	23.4	8.7	14.6	5.1	0.1
1957	144.8	14.3	38.9	42.0	15.9	8.4	15.6	5.3	0.1
1958	102.5	6.9	46.0	12.2	9.7	6.6	13.4	3.4	0
Yugoslavia (13)									
1952-54 av.	63.4	33.8	4.7	13.3	6.2	0.8	0.3	3.4	0.4
1955	109.4	75.5	1.1	13.0	4.9	0	0	1.2	13.3
1956	92.4	45.8	0.5	18.2	13.4	0	0.2	3.7	10.6
1957	128.6	60.9	0	18.5	18.1	7/	7/	1.8	29.2
1958	94.7	40.5	0.1	14.9	15.7	0	0	2.0	21.5
France (14)									
1952-54 av.	115.4	11.9	4.2	83.9	4.0	4.9	3.5	1.0	0.6
1955	68.7	7/	2.2	37.6	13.0	4.5	3.8	2.1	2.6
1956	138.1	52.2	4.5	52.6	11.3	3.8	3.9	4.1	2.0
1957	85.1	13.1	3.0	47.3	8.6	4.8	3.3	2.0	0.4
1958	86.7	7/	2.1	66.0	5.2	5.6	2.8	2.4	0.2
Venezuela (15)									
1952-54 av.	66.7	11.2	5.1	7/	2.3	0.5	11.9	32.0	7/
1955	72.9	12.6	5.0	7/	2.7	0.8	13.8	34.1	7/
1956	72.4	13.6	5.9	0.3	2.6	0.4	12.1	33.7	0
1957	82.3	14.3	6.8	1.0	4.2	0.1	17.1	35.8	7/
1958	83.6	16.5	5.7	0.2	4.0	7/	18.7	32.2	0
Poland (16)									
1952-54 av.	7/	0	0	0	0	0	7/	7/	0
1955	0.7	0	0	0	0.2	0	7/	0.5	0
1956	1.8	0	0.2	0.2	1.3	0.1	0	0	7/
1957	62.6	28.2	0	23.3	10.6	0.1	0	7/	7/
1958	79.2	25.8	12.4	25.0	10.4	0	0.2	3.7	1.5
Philippines, Rep. of the (17)									
1952-54 av.	56.0	8.0	2.0	1.6	2.4	12.6	5.3	20.3	0.3
1955	60.0	10.5	0.9	2.2	1.8	11.4	4.5	24.5	7/
1956	53.7	10.7	0.6	4.1	1.6	1.7	3.9	27.8	7/
1957	68.3	17.1	1.4	6.0	2.3	0.2	5.1	29.4	2.4
1958	75.7	28.2	0.3	11.6	1.8	2.8	2.0	22.5	4.0
Pakistan (18)									
1952-54 av.	31.4	28.7	0	0	0.1	1.9	7/	0.3	0.4
1955	16.4	7/	7/	3.1	4.1	2.3	7/	1.7	4.2
1956	91.1	76.7	7/	0.1	0.2	2.2	0.1	1.8	8.2
1957	59.5	43.4	7/	5.3	2.1	2.6	0.2	1.7	4.2
1958	65.3	59.6	7/	1.6	0.4	0.2	0.1	2.3	1.1
Turkey (19)									
1952-54 av.	3.0	2.0	7/	0	7/	0	7/	0.9	7/
1955	28.6	12.4	11.3	0	4.0	0	7/	0.7	0.2
1956	35.8	21.4	0.3	0	4.8	0	0	9.2	0.1
1957	58.5	37.6	4.4	7/	7.6	0	7/	7.6	0.1
1958	55.3	16.1	2.1	7/	26.3	0	7/	10.8	7/

U. S. agricultural exports: Major countries of destination by commodity groups, specified calendar years

Country and year	Total	Grains and seeds	Cotton and linters	Fats, oils, and oilseeds	Tobacco, unmanufactured	Fruits, nuts, and vegetables	Other animal products	Private relief	Other	
		Food 1/	Feed 2/	3/		tables	4/	5/	6/	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	
Israel (20)										
1952-54 av.	33.1	11.7	0.9	2.5	3.5	0.2	1.7	3.7	8.2	0.7
1955	45.1	14.8	7.1	3.1	6.7	0.3	0.3	11.5	0.5	0.8
1956	47.5	19.0	5.8	3.1	7.0	0.2	1.1	9.1	1.4	0.8
1957	45.4	18.1	7.3	2.0	6.8	0.3	0.5	8.1	1.5	0.8
1958	53.6	12.4	13.2	3.0	10.8	0.2	1.1	11.1	1.4	0.4
Taiwan (21)										
1952-54 av.	38.3	8.9	0.7	15.4	11.1	1.1	7/	0.7	0.3	0.1
1955	55.9	12.4	0.1	22.2	13.0	1.8	7/	2.4	3.9	7/
1956	51.5	12.8	0.5	12.7	12.9	2.8	0	1.6	8.1	0.1
1957	52.2	11.8	7/	18.8	12.1	1.0	7/	2.8	5.7	7/
1958	52.4	14.8	0.1	17.2	12.3	2.3	7/	1.0	4.5	0.2
Sweden (22)										
1952-54 av.	29.3	3.9	0.1	9.8	1.4	7.7	5.8	0.4	7/	0.2
1955	28.3	0.3	2.1	4.3	0.2	8.2	10.6	1.6	7/	1.0
1956	41.5	0.7	1.2	6.5	2.2	10.6	15.8	2.5	0	2.0
1957	50.4	2.7	0.4	19.2	0.2	11.7	12.7	2.1	0	1.4
1958	44.4	3.8	2.2	11.6	0.3	9.5	13.8	2.0	0	1.2
Brazil (23)										
1952-54 av.	46.5	40.4	1.0	0	0.5	0.2	1.1	1.4	0.2	1.7
1955	13.3	7.2	0.9	0	0.3	0.1	0.2	2.5	1.1	1.0
1956	42.3	34.4	1.0	0	1.5	0.3	0.2	2.8	1.3	0.8
1957	40.7	33.4	0.6	0	1.3	7/	0.4	3.5	0.3	1.2
1958	40.1	30.3	0.2	0	1.5	0.3	0.5	4.4	0.4	2.5
Denmark (24)										
1952-54 av.	19.8	1.3	0.8	5.1	3.8	6.3	0.2	0.3	7/	2.0
1955	37.4	1.9	3.7	2.0	10.1	7.9	1.2	2.0	7/	8.6
1956	44.2	13.4	4.7	2.1	10.7	8.1	3.3	1.7	0.2	7/
1957	39.8	5.0	0.6	5.0	14.3	9.0	2.4	1.0	0	2.5
1958	39.8	2.0	11.9	1.6	10.7	8.3	2.9	0.6	0	1.8
Switzerland (25)										
1952-54 av.	39.5	4.5	2.3	6.0	6.5	8.0	8.0	2.8	7/	1.4
1955	36.9	1.7	5.1	2.9	5.4	7.9	8.1	2.9	7/	2.9
1956	56.1	11.6	1.9	12.1	3.4	9.4	11.4	4.3	0	2.0
1957	59.8	7.5	1.9	14.7	4.2	10.6	12.3	6.3	7/	2.3
1958	36.5	0.9	3.1	5.6	2.7	7.8	7.7	7.2	0	1.5
Australia (26)										
1952-54 av.	27.7	7/	7/	5.7	0.1	20.6	7/	0.9	7/	0.4
1955	32.5	0	0	7.2	7/	24.2	7/	0.4	7/	0.6
1956	26.0	0	7/	6.8	7/	17.9	7/	0.7	0	0.5
1957	45.0	7/	7/	11.3	0.8	30.7	7/	1.4	7/	0.6
1958	34.0	0	7/	9.2	0.8	21.6	7/	1.7	0	0.7
Colombia (27)										
1952-54 av.	24.9	3.9	3.6	4.8	4.4	7/	1.1	5.0	0.1	2.0
1955	27.3	4.0	2.4	1.9	5.2	7/	1.3	9.3	0.6	2.6
1956	29.3	6.8	3.1	6.7	3.6	0	1.0	3.3	1.8	3.0
1957	33.6	7.6	3.0	10.2	6.8	0	0.3	1.0	2.9	1.8
1958	25.6	5.9	2.8	6.5	3.0	0.1	0.2	0.8	4.3	2.0
Hong Kong (28)										
1952-54 av.	10.6	1.4	0.1	0.7	1.1	2.4	2.8	0.5	0.5	1.1
1955	11.4	1.2	0.1	0.4	0.2	2.4	3.2	0.6	1.0	2.3
1956	24.2	0.7	0.5	8.8	0.3	2.3	3.9	1.6	3.4	2.7
1957	27.9	1.1	0.1	12.7	0.2	2.1	3.4	1.8	3.5	3.0
1958	25.3	1.4	7/	13.0	0.2	1.8	3.2	0.8	2.4	2.5
Norway (29)										
1952-54 av.	26.8	6.5	7.6	2.2	2.5	4.7	2.1	0.6	0.1	0.5
1955	32.6	7.9	9.3	1.2	3.6	5.1	2.6	0.2	7/	2.7
1956	32.9	5.9	7.8	1.0	3.7	5.5	6.4	0.5	7/	2.1
1957	26.0	2.7	4.5	3.1	4.4	4.8	5.0	0.4	7/	1.1
1958	24.8	4.1	5.3	0.9	2.6	5.1	5.2	0.3	7/	1.3

U. S. agricultural exports: Major countries of destination by commodity groups, specified calendar years

Country and year	Total	Grains and preps.	Cotton and linters	Fats, oils, and seeds	Tobacco, unmanufactured	Fruits, nuts, and vegetables	Other animal products	Private relief	Other	
		Food 1/	Feed 2/	3/		tables	4/	5/	6/	
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	
Greece (30)										
1952-54 av.	25.9	18.2	0.3	0.2	0.2	7/	0.6	2.5	1.6	2.3
1955	47.8	21.8	2.7	0.8	4.2	0	7/	2.7	15.5	0.1
1956	62.5	29.2	6.5	0.4	11.3	0	0	1.1	10.5	3.5
1957	46.3	20.3	1.9	4.5	7.9	0	7/	1.1	10.2	0.4
1958	24.4	5.4	5.8	0.1	0.2	0	7/	1.4	11.2	0.3
Peru (31)										
1952-54 av.	10.9	3.8	0.5	0.1	2.4	0.1	1.0	1.1	0.4	1.5
1955	15.1	7.0	0.5	0	2.3	0.2	1.3	1.8	0.5	1.5
1956	13.3	4.2	1.7	0	2.3	0.1	1.1	2.8	0.2	0.9
1957	19.5	9.2	3.2	7/	1.8	7/	1.8	2.0	0.6	0.8
1958	22.3	14.4	1.8	0	0.9	0.2	1.2	1.8	1.2	0.8
Austria (32)										
1952-54 av.	37.7	11.5	10.8	7.6	4.0	1.9	7/	0.3	1.5	0.1
1955	25.8	0.6	11.2	2.4	3.4	2.5	0.1	0.6	4.9	0.1
1956	38.1	7.1	11.4	5.4	4.1	4.6	0.4	0.4	4.4	0.3
1957	32.3	3.2	13.5	8.9	1.8	1.2	0.2	0.6	2.4	0.5
1958	20.7	2.4	6.5	6.3	0.5	2.7	0.3	0.3	1.2	0.5
Vietnam, Laos, and Cambodia (33)										
1952-54 av.	5.8	7/	7/	3.1	7/	2.1	7/	7/	0.6	7/
1955	13.5	4.2	7/	0	7/	3.1	0.4	1.6	4.2	7/
1956	35.2	4.4	0.5	0	0.3	5.3	0.6	8.5	13.9	1.7
1957	23.9	2.6	0.2	7/	0.3	3.5	0.2	7.3	8.7	1.1
1958	20.3	3.0	7/	0.1	0.5	3.2	0.4	8.4	3.8	0.9
Ireland (34)										
1952-54 av.	25.9	1.6	9.3	0.8	0.8	11.0	1.0	0.2	7/	1.2
1955	27.3	0.1	10.5	0.5	1.8	9.1	2.6	0.2	0	2.5
1956	20.6	1.9	7.3	0.5	0.7	6.3	2.4	0.1	0	1.4
1957	12.7	0.5	0.8	0.6	0.1	7.6	1.8	0.2	0	1.1
1958	16.5	1.5	0.5	0.6	7/	10.5	2.2	0.1	0	1.1
Ceylon (35)										
1952-54 av.	5.8	3.9	0	0.1	0.1	0.9	0.1	0.6	7/	0.1
1955	1.8	7/	0	0	0	1.0	0.1	0.7	7/	7/
1956	3.2	7/	0	0.1	0	0.8	0.1	0.4	1.7	0.1
1957	5.5	1.5	0	0	0	0.9	0.1	0.5	2.4	0.1
1958	15.5	12.5	7/	0	0	0.6	7/	0.3	2.1	7/
UAR--Egypt Region (36)										
1952-54 av.	26.0	18.4	0.2	0	3.2	3.2	0.1	0.5	0.3	0.1
1955	33.8	1.7	0.1	0	0.1	5.3	0.1	1.6	20.8	4.1
1956	48.5	32.9	0	0	4.2	4.3	0	1.0	5.9	0.2
1957	13.4	1.5	0	0	6.3	4.7	7/	0.3	0.5	0.1
1958	15.3	0.9	7/	0	6.4	5.8	0.1	0.1	1.9	0.1
Chile (37)										
1952-54 av.	10.8	4.3	0.1	2.7	1.8	0.2	7/	0.5	7/	1.2
1955	12.9	2.3	7/	1.4	6.6	0.1	7/	1.4	0	1.0
1956	26.5	7.7	7/	7.2	9.8	0.2	0.2	0.4	0.1	0.9
1957	26.8	7.1	7/	10.5	6.2	0.1	0.2	0.4	1.5	0.8
1958	14.4	0.1	7/	1.3	0.2	0.3	0.2	0.2	11.5	0.6
Indonesia (38)										
1952-54 av.	20.5	7.8	7/	3.7	0.1	8.2	0.2	0.3	7/	0.2
1955	12.2	1.3	7/	3.9	0.1	5.9	0.2	0.7	0.1	7/
1956	54.7	39.6	0.1	4.2	0.1	9.4	0.2	0.8	0.3	7/
1957	22.1	6.3	0.1	6.2	0.1	7.5	0.2	1.4	0.1	0.2
1958	11.9	5.4	7/	4.5	0.1	1.2	0.1	0.6	7/	7/
Finland (39)										
1952-54 av.	7.2	0.8	0.1	2.5	0.2	2.5	0.8	0.1	0.1	0.1
1955	12.8	0.2	0.5	5.2	0.5	2.7	0.3	0.1	1.4	1.9
1956	18.7	6.4	1.7	4.2	0.5	3.5	1.5	7/	7/	0.8
1957	7.5	1.9	7/	3.1	7/	2.2	0.1	7/	7/	7/
1958	11.2	3.2	7/	3.0	7/	2.8	2.1	7/	7/	7/

U. S. agricultural exports: Major countries of destination by commodity groups, specified calendar years

Country and year	Total	Grains and preps.	Cotton and linters	Fats, oils, and oilseeds	Tobacco and unmanufactured seeds	Fruits, nuts, and products	Other animal products	Private relief	Other
		Food 1/	Feed 2/	3/	4/	5/	6/		
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Morocco (40)									
1952-54 av.	5.1	1.6	7/	1.7	1.0	0.1	0.1	0.2	0.3
1955	4.1	0.4	0.1	1.0	1.6	0.2	0.3	0.1	0.2
1956	9.9	1.5	7/	1.5	5.8	0.2	0.3	0.1	0.3
1957	14.6	2.5	7/	2.1	6.0	0.4	0.3	0.1	0.4
1958	10.4	1.9	7/	1.8	4.7	0.1	0.1	0.1	7/
Panama (41)									
1952-54 av.	9.2	1.4	0.7	7/	1.9	7/	2.7	1.8	0.7
1955	7.9	1.5	0.8	7/	0.8	0.1	2.4	1.3	0.8
1956	8.9	1.3	0.9	7/	1.0	0.1	2.6	1.4	1.1
1957	12.4	2.2	1.0	7/	1.4	0.2	3.8	2.2	0.9
1958	10.1	1.7	0.5	7/	1.7	0.3	3.0	1.8	0.7
Portugal (43)									
1952-54 av.	8.2	4.9	0.8	7/	2.5	7/	7/	7/	7/
1955	7.1	2.3	7/	2.1	7/	2.4	7/	7/	7/
1956	23.9	10.5	0.1	5.7	0.1	3.1	7/	0.5	3.8
1957	19.7	4.0	0.1	9.6	7/	2.9	7/	0.2	2.9
1958	9.5	0.3	0.1	2.8	7/	3.6	7/	0.2	2.5
Union of South Africa (45)									
1952-54 av.	16.5	4.9	5.8	0.8	3.9	7/	0.1	0.5	0
1955	12.1	4.1	7/	0.7	5.4	0.1	0.5	0.4	7/
1956	13.0	1.9	0.1	2.6	5.7	0.5	0.6	0.6	0
1957	11.7	0.1	7/	4.7	3.9	0.5	0.9	0.4	0
1958	9.1	0.1	0	4.2	2.5	7/	0.8	0.9	0
Thailand (47)									
1952-54 av.	6.0	7/	0.1	0.1	0.4	4.3	0.2	0.3	0
1955	8.1	7/	0.1	0	0.3	6.5	0.1	0.4	7/
1956	7.6	0.1	7/	0	0.1	6.5	0.2	0.4	7/
1957	12.0	0.2	0.1	0	7/	9.9	0.1	1.0	7/
1958	8.3	0.2	7/	0.1	0.1	6.7	0.2	0.5	7/
Lebanon (49)									
1952-54 av.	6.2	2.5	7/	0.2	0.1	7/	0.4	1.6	1.2
1955	12.4	7.0	7/	0	0.6	7/	0.2	4.0	0.4
1956	9.7	5.1	0.1	0.8	0.2	0.5	0.3	2.7	7/
1957	4.9	2.0	7/	0.6	0.2	0.1	0.4	1.1	0.1
1958	7.5	6.1	7/	0.1	0.1	0.3	0.2	0.4	0.1
Bolivia (68)									
1952-54 av.	6.7	4.2	7/	0.6	0.9	0	0.1	0.5	0.1
1955	14.2	8.2	7/	1.5	2.5	0	0.1	0.4	1.3
1956	20.5	14.7	7/	1.8	1.7	0	0.1	0.9	0
1957	8.8	4.9	7/	1.7	1.5	0	0.1	0.1	0.4
1958	3.3	2.7	7/	0	0.1	0	7/	0.3	0.2
Argentina (86)									
1952-54 av.	8.3	6.3	0.1	0	1.1	7/	0.1	0.6	0
1955	9.6	0	7/	0	8.5	0	0.2	0.8	0
1956	23.6	7/	7/	0	22.7	7/	7/	0.4	0
1957	1.5	7/	7/	0	7/	0	0.2	0.5	0
1958	1.0	7/	7/	0	7/	0	0.1	0.3	0
Other									
1952-54 av.	138.3	50.1	7.9	4.9	11.2	23.8	13.8	13.8	7.7
1955	168.9	65.8	5.2	2.0	21.4	26.4	17.5	23.7	4.4
1956	196.0	67.0	9.9	3.3	31.8	21.3	19.2	28.4	6.7
1957	202.2	70.6	9.4	7.1	22.3	21.2	16.4	33.7	5.7
1958	173.0	64.7	5.7	2.3	14.4	18.7	20.1	29.5	3.8

1/ Food grains: Wheat, rye, rice, and products.

2/ Feed grains: Barley, oats, corn, sorghum grains, and products.

3/ Fats, oils, and oilseeds: Mainly lard, tallow; cottonseed, soybean, and linseed oils; soybeans; and flaxseed. Essential oils with "Other."

4/ Other animal products: Mainly meats, hides and skins, dairy products, live animals, wool, sausage casings, and eggs. Animal fats and oils with fats, oils, and oilseeds.

5/ Private relief: Mainly dairy products, grains, edible vegetable oils and beans donated by CCC to private welfare agencies for distribution to needy persons abroad.

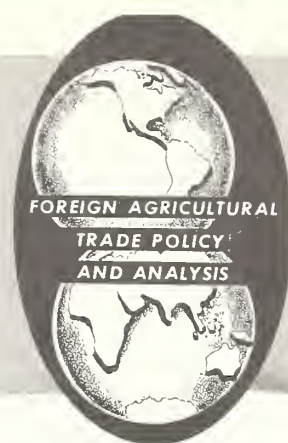
6/ Other commodities: Mainly feeds and fodders, field and garden seeds, coffee, hops, essential oils, and sugar and related products.

7/ Less than \$50,000.

Source: Bureau of the Census reports FT 410 and FT 420; revisions since issuance are excluded.

FOREIGN AGRICULTURE CIRCULAR

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Foreign Agricultural Service Washington D.C.



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U. S. DEPARTMENT OF AGRICULTURE

CANADA'S 1958 AGRICULTURAL TRADE WITH

WORLD AND U.S. HIGHEST IN YEARS

Canada's 1958 agricultural exports, valued at more than \$1 billion (Canadian currency) were the highest in 5 years and 11 percent above 1957.

Contributing to the expanded volume of exports were grains, live cattle, beef and pork, fruits and vegetables. While Canadian imports remained high, there were some declines, particularly in cotton, potatoes, lard and soybean meal.

The value of the two-way trade in agricultural products between the United States and Canada in 1958 amounted to \$655 million. This was exceeded only in 1951.

Canada's exports of farm products to the United States in 1958 were 29 percent above 1957, while imports from the United States were 4 percent lower. The exports in 1958 were \$295 million compared with \$246 million in 1957, and \$245 million, 1952-56. The imports were \$360 million in 1958 compared with \$375 million in 1957, and an average of \$304 million, 1952-56. The United States was Canada's largest agricultural export market.

Some of the U.S.-Canadian border trade problems growing out of Canadian agricultural price support measures were resolved during 1958 or the first half of 1959.

Prospects are bright for a continued high Canadian agricultural trade throughout 1959. A slight decline in Canadian cattle numbers and improvement in the domestic U.S. supply is expected to be reflected in reduced cattle exports. Canadian exports of pork, on the other hand, may be expected to rise. A rise in raw cotton imports from the United States is expected.

CANADIAN AGRICULTURAL EXPORTS TO U.S.

	<u>1957</u>	<u>1958</u>
	- <u>Million dollars</u> -	
Grains and Feed	84.7	63.4
Cattle	50.0	96.0
Other Livestock and Products	36.7	54.0
Furs	21.4	19.3
Fruits	6.0	6.4
Vegetables	6.2	9.8
Miscellaneous	<u>40.7</u>	<u>45.8</u>
	<u>\$245.7</u>	<u>\$294.7</u>

CANADIAN AGRICULTURAL IMPORTS FROM U.S.

	<u>1957</u>	<u>1958</u>
	- <u>Million dollars</u> -	
Fruits	93.8	101.3
Vegetables	55.1	51.9
Cotton	46.0	30.7
Soybeans and Products	35.6	35.5
Grains	16.4	17.3
Livestock and Products	12.7	11.1
Poultry	6.6	7.9
Furs, skins, hides and leather	29.9	26.9
Miscellaneous	<u>79.1</u>	<u>77.6</u>
	<u>\$375.2</u>	<u>\$360.2</u>

Foreign Trade of Canada

Factors Affecting 1958 Trade

Contributing to this high level of trade were:

1. Record U.S. demand for foodstuffs.
2. Continued higher price for Canadian livestock and meat products in the United States market than in overseas markets.
3. A particularly strong U.S. demand for feeder or replacement cattle, and for meats.
4. A high income level in Canada, and a continued strong demand for fruits and vegetables, especially citrus fruits and winter vegetables.

Factors tending to obstruct further development of trade included:

1. Export prices of raw cotton and rice in the United States were higher than in other countries.
2. Rise in the export prices of feed grains in Canada as a result of short summer rainfall in the Prairie Provinces made the Canadian price non-competitive in the United States.
3. The import grain licensing policy of Canada deprived U.S. exporters of the opportunity of testing the Canadian market for feed grains under the prevailing price structure.
4. Canadian restrictions on imports of fowl, turkeys, and peas.

Exports

The United States replaced the United Kingdom by a small margin as Canada's best agricultural export market. About 35 percent of Canada's 1958 agricultural exports went to the United States. Japan was the third largest market for Canada's farm products.

Wheat and flour, amounting to 312 million bushels valued at \$515 million, was the leading Canadian agricultural export. Other major exports, with their value in Canadian currency, were feeder and slaughter cattle and beef, \$104 million; barley and malt, \$89 million; pork, \$30 million; potatoes, \$10 million, and apples, \$8 million.

Bread grain and feed grain exports to all countries totaled 416 million bushels compared with 366 million bushels in 1957. Wheat and flour exports in terms of wheat amounted to 312 million bushels, an increase of 17 percent over 1957.

Special sales arrangements of several types were employed by the Canadian Government during 1958 that tended to stimulate export movements of wheat and flour, and to a lesser extent some other grains. The largest movement of wheat in 1958 under special arrangement was the shipment of wheat to the U.S.S.R. under the 3-year agreement concluded between Canada and Russia in 1956 for 400,000 tons of wheat each year.

Sales of wheat to Poland and Israel were made under a 3-year credit program. Poland agreed to take 150,000 tons of wheat and 100,000 tons of barley on this basis. Israel agreed to take 40,000 tons of wheat on credit, but later decided to pay cash for it. Communist China bought 4 million bushels of Canadian wheat for cash in 1958 following the visit of a Canadian trade mission during the latter part of 1957.

In 1958 Canada made agreements with Commonwealth Colombo Plan countries to sell them \$35 million worth of wheat on a 10-year credit basis. In 1958 Canada gave wheat and flour worth \$25 million to these countries. The Canadian Government has indicated that the long-term credit arrangements, such as the 10-year one with India, apply only to Commonwealth countries.

Among other types of assistance to wheat flour sales were Flour Export Adjustment Payments. During 1958 these were equivalent to 8 to 10 cents per bushel, in terms of wheat, on flour shipped to certain parts of the world, including the Pacific area and the West Indies. The Wheat Board makes the adjustment payment to the exporters. The funds come from the Wheat Board's Wheat Pool, and are deducted from the eventual payment to farmers on all wheat delivered.

Grain exports to the United States dropped nearly 25 percent last year. Their total value, however, still amounted to over \$60 million. Reduced shipments of barley and oats in the fall of 1958 accounted for most of the decline. Canadian feed grain prices advanced during the dry summer weather of 1958; while prices declined later in the season, they were usually above competitive U.S. prices, particularly in the case of oats.

Livestock and livestock products showed large export increases in 1958. Exports of Canadian feeder and slaughter cattle to all countries in 1958 were 611,438 head compared with 334,925 in 1957. Increases occurred also in exports of calves, purebred cattle, dairy cattle, beef, pork, other meat products and hides and skins.

Livestock and meat exports to the United States in 1958 were valued at \$150 million. Exports to the United States of cattle and beef converted to cattle totaled about 770,000 head in 1958, breaking all records. Pork shipments last year were also substantially larger than in 1957, and amounted to 53 million pounds.

Dairy product and egg production exceeded domestic requirements and normal exports. The higher support prices prevailing during most of 1958 resulted in very high production of nonfat dry milk, butter and eggs. Much of this increased production was sold under the price support program to the Agricultural Stabilization Board, and disposed of at a loss. A large part of the cheddar cheese, most of the spray and roller nonfat dry milk, and all of the eggs sold abroad by the Stabilization Board were sold at prices substantially below cost to the Stabilization Board. While the cheese was sold largely to the United Kingdom, and nonfat dry milk for feed to Western Europe, the other items were disposed of almost entirely in Latin America. No dairy or poultry products were sold in the United States at discount prices.

A summary of prices paid and sales by the Stabilization Board of cheese and milk powder from January 1, 1958 until April 1959 follows:

Prices Paid

Cheese		34 cents per lb. Ontario
Nonfat Dry Milk		
Spray Process	Jan. 1 to April 30, 1958	17 cents per lb. warehouse
	May 1, 1958 to April 12, 1959	15 " " " "
Roller Process	Jan. 1 to April 30, 1958	14 " " " "
	May 1, 1958 to April 12, 1959	12 " " " "

Government Sales - January 1, 1958 to March 12, 1959

<u>Product</u>	<u>Destination</u>	<u>Quantity - lbs.</u>	<u>cents per lb. ex warehouse</u>
Cheese	United Kingdom	12,387,663	29.0
Nonfat Dry Milk			
Spray Process	Venezuela	1,885,250	9.05
	Barbados	4,000	n.a.
	Peru	160,050	n.a.
	British Guiana	20,100	n.a.
	San Salvador	108,000	n.a.
	Dominican Republic	51,000	n.a.
	British West Indies	85,900	n.a.
Roller Process	Dominican Republic	112,000	7.55
	British West Indies	9,550	n.a.
Spray Process for Feed	Belgium	5,005,900	5.0
	Denmark	9,016,000	n.a.
	Italy	1,556,450	n.a.
Roller Process for Feed	Belgium	10,315,000	4.3
	Denmark	23,512,550	3.15 to 4.3
	Italy	2,237,000	4.3

In 1958, the Canadian Government offered 30 million pounds of nonfat dry milk free, to international relief agencies, about one-half of which has been accepted. The government has also made an additional 20 million pounds available for both national and international relief agencies.

Canada's major fruit and vegetable exports were apples, 3 million bushels; blueberries, 10 million pounds; other berries, .7 million pounds; turnips, 2 million bushels and potatoes, 4.1 million hundredweight. Total fruit and vegetable exports from Canada to the United States had a value of \$16.2 million in 1958, one-third more than in 1957. Potato shipments in the first half of the year accounted for a large part of the increase.

There were some subsidy payments during 1958 on 1957-crop apples and potatoes, but none have been made on the 1958 crops. A deficiency payment of 12 cents per box was announced on August 11, 1958 on the sales of the British Columbia 1957 apple harvest. Government payments amounting to \$768,000 were made on 6.4 million boxes. A starch diversion program to assist New Brunswick growers in disposing of 1957-crop potatoes was announced on January 31, 1958, and suspended on April 14. It was resumed on May 23 as a result of a further decline in price. Payments were relatively small.

Imports

The more significant of Canada's 1958 agricultural imports were fruits, \$153 million; vegetables, \$63.1 million; raw cotton and linters, \$47.1 million; soybeans and soybean products, \$35.5 million; corn, \$16.5 million; and beef and other meats \$22.6 million.

Fruit imports in 1958 from the United States and other countries increased over the preceding year. Leading those items imported from the United States in larger volume were fresh grapes, strawberries and peaches. Imports of United States raisins, fresh pears and fresh grapefruit decreased.

Vegetable imports, including potatoes, were down slightly in 1958 from the previous year, but still exceeded \$50 million.

The imports of corn, soybean oil and eggs were greater in 1958, both in quantity and value. A substantial demand has developed for hatching eggs for the expanding Canadian broiler industry.

Cotton imports from the United States declined during the last half of 1958, as a result of lower priced Mexican and Central American staple.

Rice imports from the United States in 1958 continued the downward trend of recent years. Rice was obtained at lower prices from Mexico, Argentina, and from certain European countries which transhipped rice grown in other countries.

Imports of U.S. purebred cattle in 1958 were up slightly (slaughter cattle imports are included with livestock not otherwise provided for, and are not listed separately). Other sources report 2,691 slaughter cattle were imported in 1958, a decline from 4,441 in 1957.

Imports of U.S. lard, which normally has a good market in Canada, declined sharply in quantity and value in 1958 as a result of the enormous increase in Canadian hog production. At present Canadian lard production is exceeding the domestic demand.

Controls on poultry imports tended to obstruct imports from the United States in 1958. While on an import basis, the Canadian Government on July 17, 1957, placed supports under prices of fowl and turkeys. At the same time an embargo was placed on imports of these products.

The loss by U.S. producers of trade in fowl and turkeys was offset in part by increased trade in eviscerated broiler and fryer chickens. The volume of Canadian import trade in chickens was 7.3 million pounds in 1958, compared with 5.2 million pounds in 1957. Imports of turkeys were .6 million pounds in 1958 compared with 6.9 million in 1957, and with more than 13 million pounds in 1956.

The embargo on the import of fowl was removed entirely in June, 1958, while the embargo on turkeys was relaxed in 1958 to permit entry of some turkey meat for the canning industry, and 300,000 pounds of light weight or broiler turkeys during the latter part of calendar year 1958. Beginning in July 1959 the Canadian Government approved applications for the importation of a limited number of turkeys during the third quarter of calendar year 1959.

Import Duty Changes

Changes in import duty rates were of 2 types, both applicable to fruits and vegetables.

In June, 1959 the advanced valuation for duty purposes imposed on frozen peas in February, 1958 was rescinded.

A revision in the Canadian import rates and schedules for fruits and vegetables became effective April 8, 1959. These changes involved increased duties on items having an import value of \$15 million, and lowered duties or duty-free entry for certain periods affecting trade valued at \$14.7 million.

CANADIAN TARIFF CHANGES

COMMODITY - FRESH

	<u>FORMER</u>		<u>NEW</u>		
	<u>Rate</u>	<u>Weeks</u>	<u>Rate</u>	<u>Weeks</u>	<u>When not subject Specific Duty</u>
<u>Rate in cents per pound, or ad valorem</u>					
Apples	Free	May 20- July 31	1/4	52	
	3/8	Aug. 1- May 19			
Apricots	1	10	1-1/2	10	10 pct.
Asparagus	3-1/2	8	3-1/2	14	10 pct.
Beans (Green)	1-1/2	14 <u>1/</u>	1-1/2	14	Free
Brussels Sprouts	10 pct.		3	16	10 pct.
Cabbage	9/10	26 <u>1/</u>	9/10	30 <u>1/</u>	10 pct. - Free Mar. Apr.
Carrots	1	26 <u>1/</u>	1	40 <u>1/</u>	Free
Cauliflower	3/4	12	3/4	20 <u>1/</u>	10 pct. - Free Jan. Apr. inc.
Celery	1	24 <u>1/</u>	2	24	Free
Corn-on-Cob	10 pct.		1-1/2	8	10 pct.
Cantaloupes	1-1/4	8	1-1/4	8	Free
Cherries - sour	2	7	3	10	10 pct.
Cranberries	1	12	2	12	10 pct.
Cucumbers, n.o.p.	2-1/4	12	2-1/4	22 <u>1/</u>	10 pct.
Cucumbers for Processing	2-1/4	12	10 pct.	52	
Eggplant	Free		10 pct.	52	
Endive	Free		10 pct.	52	
Lettuce	.85	18 <u>1/</u>	.85	26 <u>1/</u>	Free
Mushrooms	3-1/2	52	4-1/2	52	
Onions, n.o.p.	1	40	1-1/2	44 <u>1/</u>	10 pct.
Parsnips	10 pct.		1	36 <u>1/</u>	10 pct.
Peaches	1-1/2	9	1-1/2	14	10 pct.
Pears	1	15	1	22	10 pct. - Free Mar.- June inc.
Peppers	10 pct.		1	8	Free
Potatoes, new, <u>2/</u>	37-1/2	June 15- Dec. 31	37-1/2	52	
Plums	1	10	1	10	10 pct. - Free May & June
Prunes	1	10	1-1/2	12	10 pct.
Spinach	10	52	Free		
Strawberries	1-3/5	6	1-3/5	6	10 pct. - Free Sept.- Mar. inc.
Tomatoes	1-1/2	32	1-1/2	32	10 pct. - Free Jan.- Mar. inc.
Whitloof	Free		10 pct.	52	

1/ May be divided into 2 periods.

2/ Hundredweight.

<u>COMMODITY</u>	<u>FORMER RATE</u>	<u>NEW RATE</u>
	<u>Cents per lb. or ad valorem</u>	
<u>Vegetables Prepared in Airtight Containers</u>		
Asparagus	15 pct.	22-1/2 pct.
<u>Vegetables, Frozen</u>		
Asparagus	17-1/2 pct.	22-1/2 pct.
Brussels Sprouts	17-1/2 pct.	22-1/2 pct.
<u>Fruits Frozen</u>		
Cherries	2	3
Peaches	2	2-1/2
<u>Fruits Prepared in Airtight Containers</u>		
Peaches	2	2-1/4
Apricots	2	2-1/2
Cherries	1	1-1/2
Prunes	1	1-1/3
Dehydrated Citrus Fruit Juices	20 pct.	7-1/2 pct.
Dates - unpitted in bulk	1/2	Free
Dates - unpitted, n.o.p.	1/2	Free
When in packages weighing 3 pounds or less, each		

During the period of the application of the specific duty, when in packages weighing 5 pounds or less each, an additional duty of 5 percent is levied on the following: beans (green), beets, brussels sprouts, carrots, cauliflower, corn-on-cob, lettuce, parsnips, peas (green).

PROSPECTS

Four developments appear likely to affect the volume or the pattern of Canadian agricultural trade in the period just ahead. These are: (1) the high level of economic activity in both Canada and the United States, (2) the removal of some Canadian import restrictions, (3) shifts in Canadian meat supply trends, and (4) the amount of Canadian aid to underdeveloped countries in the form of wheat and flour.

The continued high level of business activity in Canada appears to be encouraging to Canadian imports generally. And the growing economic activity in the United States, accompanied by a strong demand for food, including meats, appears to favor Canadian export of farm products to the United States.

Canadian cattle and beef exports in the first half of 1959 are substantially below 1958. Exports are likely to continue to decline for several years if U.S. cattle numbers and beef production rise as expected.

Continued high level of pork output in Canada has been stimulated by the support prices on hogs which, in turn, is expected to result in larger exports of pork. Of 100 million pounds of pork purchased by the Canadian Government under its pork price support program during the last 3 months of 1958 and the first half of 1959, about 4 million pounds has been disposed of in foreign markets at discount prices of 25 percent below the cost to the government. Shipment of fresh pork by Canada to the United States during the first 5 months of 1959 on a commercial basis amounted to 20.7 million pounds compared with 15.0 million pounds during the same months of 1958.

With a carryover as of August 1, 1959 estimated in the neighborhood of 500 million bushels and with an 11-percent increase in 1959 wheat acreage over 1958, Canada will continue to be in a strong wheat export position. The authority under which the Canadian Government assisted wheat and flour exports in 1958 also continues to be available. Effective January 30, 1959 the Flour Adjustment Payments were extended to include the United Kingdom and Western European countries. The rate to these countries on flour from St. Lawrence, Churchill and Pacific Coast ports is the equivalent of 5-5/8 cents per bushel. The rates applicable to other countries were also increased by 5-5/8 cents per bushel.

Another development might also result in somewhat larger disposals of flour in Western Europe. On June 1, 1959 the Canadian Prime Minister announced that the Government was prepared to provide \$10 million worth of flour as its contribution to NATO. As of July 15, no purchases or arrangements had been made for wheat flour under this offer.

If the Soviet Union buys anything like as much wheat as in 1958, and if governmental assistance to India, Pakistan, and Ceylon in the form of wheat and flour reaches the level of 1958, the value of total Canadian overseas agricultural exports in 1959 would be approximately at 1958 levels. If substantially less wheat and flour is shipped to South Asia under assistance programs, the value of Canadian agricultural exports in 1959 will not maintain the percentage increase shown last year.

CANADA: AGRICULTURAL EXPORTS, 1957 and 1958

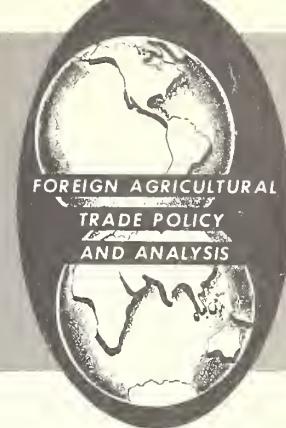
COMMODITY	UNIT	1957		:	1958	
		To U.S.	To all countries	:	To U.S.	To all countries
		- Quantity -				
:						
:						
:						
<u>Cereals</u>				:		
Barley	Million Bu.	21	61	:	14	75
Oats	" "	27	30	:	11	17
Rye	" "	3	4	:	3	6
Wheat	" "	11	232	:	10	272
Wheat shorts and middlings	" Lbs.	122	183	:	88	203
Wheat flour	" "	74	1,491	:	77	1,720
Malt	" Bu.	2	5	:	3	6
Wheat-wild and n.o.p.	" Lbs.	5	5	:	.5	.5
:						
<u>Livestock and Products</u>				:		
:						
:						
Cattle				:		
Feeder, slaughter	Head	334,225	334,925	:	610,942	611,438
Pure bred	"	19,985	22,179	:	24,287	26,642
Dairy	"	18,232	18,569	:	19,715	20,015
Calves	"	11,668	11,859	:	12,063	12,389
Beef	Million Lbs.	47	47	:	53	54
Pork	"	32	40	:	57	66
Other Meat Products	"	4	14	:	9	22
Hides and skins	Number	1,104,882	3,379,018	:	1,244,080	3,643,384
Wool	Million Lbs.	.8	3.1	:	1.1	3.6
:						
<u>Fruits</u>				:		
:						
Apples	Million Bu.	.9	2.0	:	1	3
Blueberries	" Lbs.	5.4	5.4	:	10	10
Berries, n.o.p.	" "	5.1	5.1	:	.7	.7
:						
<u>Vegetables</u>				:		
:						
Turnips	Million Bu.	2.4	2.4	:	2	2
Potatoes	" Lbs.	127	257	:	251	411
:						
<u>Others</u>				:		
:						
Grass Seeds	Million Lbs.	28	36	:	30	49
Hay	Tons	229,745	232,727	:	168,310	171,216
Furs	Number	1,788,521	4,668,840	:	1,485,273	4,338,001

Foreign Trade of Canada

CANADA: AGRICULTURAL IMPORTS, 1957 and 1958

COMMODITY	UNIT	1957		:	1958	
		From	From all	:	From	From all
		U.S.	countries	:	U.S.	countries
- Quantity -						
Oranges	Million cu. ft.	10	11	:	7	9
Grapefruit	" lbs.	145	146	:	109	111
Lemons	" "	32	33	:	31	31
Grapes	" "	130	131	:	139	140
Strawberries	" "	24	25	:	27	29
Peaches	" "	21	21	:	27	27
Apples	" "	52	53	:	50	52
Pears	" "	28	28	:	23	23
Raisins	" "	23	50	:	15	53
Prunes	" "	13	13	:	13	13
Fruit Juice	Million Gal.	17	18	:	16	18
Fruit Cocktail	Million lbs.	38	38	:	40	40
Peaches Canned	" "	22	23	:	21	22
Potatoes	Million lbs.	218	219	:	174	175
Tomatoes	" "	102	150	:	85	138
Lettuce	" "	146	146	:	146	146
Celery	" "	97	97	:	96	96
Onions	" "	73	87	:	62	81
Veg. frozen	" "	16	16	:	20	20.5
Veg. canned	" "	40	49	:	22	36
Cotton & linters	Million lbs.	175	198	:	119	182
Soybeans	Million bu.	10	10	:	11	11
Soybean Meal	Thousand Tons	183	183	:	145	145
Soybean Oil	Million lbs.	23	23	:	30	30
Cottonseed Oil	" "	30	30.3	:	25	26
Rosin and Oil	" "	49	49	:	51	51.1
Corn	Million bu.	10	10	:	11	13
Rice	Million lbs.	40	93	:	35	97
Cattle, live	Head	1,423	1,547	:	1,649	1,815
Lard	Million lbs.	27	28	:	5	5
Eggs in shell	Million doz.	.7	.8	:	1	1
Beef & other meats	Million lbs.	28	59	:	25	91
Corn Starch	Million lbs	11	11	:	11	11
Hops	" "	3	3	:	2	2
Tobacco & cigarettes	" "	2	2.5	:	2	4
Wool	" "	4	19	:	3	16
Walnuts, unshelled	" "	2	2.4	:	3	3
Peanuts, shelled	" "	24	75	:	23	72

FOREIGN AGRICULTURE CIRCULAR



U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.

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FATP 22-59
September 8, 1959

NEW REGIME IN PAKISTAN INSTITUTING

MAJOR AGRICULTURAL REFORMS

The Martial Law Regime in Pakistan during its 6 months in office has instituted a land reform program and an Export Bonus Scheme and, through the services of the International Bank for Reconstruction and Development, has reached an accord with India for final settlement of the Indus Waters dispute.

The previous governments of Pakistan did not produce any significant improvement in agricultural production. The first 5-Year Plan (1955-60) called for an increase of 13 percent in food grain production, but after 4 years agricultural production remained static, due mainly to insufficient implementation of the plan at the farm level. Dissatisfaction with the production progress and foreign exchange difficulties caused by large imports with declining exports facilitated last fall's revolution.

General Mohammed Ayub Khan took over the reins of Pakistan's constitutional government last October. The military regime moved quickly to improve agricultural production and conditions of near-bankruptcy left by a succession of weak parliamentary governments.

Agricultural Policies

Land Reforms: The Martial Law Regime has moved efficiently toward implementing land reforms in West Pakistan. The main features of the program are: (1) that no one person may own more than 500 acres of irrigated, or more than 1,000 acres of unirrigated land; (2) uneconomically fragmented holdings are to be consolidated; and (3) tenants are to

be granted full security of tenure. An escape clause allowed a landlord to transfer land to all his heirs up to 250 acres prior to expropriation proceedings. Thus far the Martial Law Regime is in the process of expropriating about 2.5 million acres of land of which 1.25 million acres is cultivable.

This land is scheduled for distribution among about 100,000 tenants, 50,000 of whom will require financial assistance. The 1.25 million cultivable acres is 5.6 percent of the total land in cultivation.

Agricultural Planning: The Martial Law Regime has continued to show great interest in agricultural planning. The Planning Board was raised from a subsidiary department to the status of a National Planning Commission. Six inquiry commissions for individual sectors of economic activity were created in the fields of land reform, sugar, credit, textiles, jute and agriculture. The work of these commissions will provide information for the National Planning Commission that is drawing up the Second 5-Year Plan for 1960-1964. The Planning is being developed by each of the several provincial departments that will be responsible for implementing it. The Regime will provide a priority system to translate the plan into action. The formulation of future plans may be aided by data from the first agricultural census of the country scheduled for the fall of 1959 for East Pakistan and spring of 1960 for West Pakistan.

Land Reclamation Projects: The Regime has set up a Water and Power Development Authority with responsibility for sinking tube wells, and carrying on related reclamation projects and the developing of water resources and power.

Progress has been reported on reclaiming land in the southern districts of East Pakistan where sea water has invaded cultivable land due to the disrepair of bunds and levies. To date, about 250,000 inundated acres have been reclaimed. The acreage reclaimed is small in relation to the 22 million acres of cultivable land in East Pakistan.

Under a tentative agreement with India, that country would be entitled to the exclusive use of the waters of the 3 eastern rivers of the Indus system, the Ravi, Beas, and Sutlej. Pakistan during a 10-year transition will shift to the 3 western rivers, the Indus, Jhelum and Chenab, for irrigation requirements for about 30 million acres of land. This arrangement was agreed upon on August 10 in London and it is expected a treaty will be signed early in 1960.

Historically Pakistan has relied upon the 3 eastern rivers for irrigation purposes. The International Bank for Reconstruction and Development has interested the United States, Canada, Britain, Australia, New Zealand and West Germany in giving financial help to the 10-year transition project. The Bank has estimated that it will require about a billion dollars to provide 2 dams and link canals in Pakistan and one dam in India.

Commodity Programs: The Martial Law Regime controls the acreage of jute in efforts to keep production at the level of domestic and world requirements. Other measures the Regime has taken relative to the jute industry are: the dissolving of the Jute Marketing Corporation (JMC), checking smuggling in jute with India, reorganizing the jute trade, and ending labor unrest. All of these measures have had a salutary effect on export earnings from jute. Inclusion of jute manufactures in the Export Bonus Scheme has led to an increase in the quantity of these exports.

The first 5-Year Plan aimed at increasing cotton output by raising yields with fertilizers, better seeds, plant protection, and improved cultivation. However, none of these programs were effective enough to affect cotton production.

Among other efforts made by the Regime that were helpful to cotton were elimination of surplus stocks of short staple desi cotton through an export incentive scheme; the barter of unsold stocks against rice, coal, cement, and machinery; the lowering of cotton prices; and the inclusion of cotton yarn manufactures in the Export Bonus Scheme.

The government has made special effort to guarantee that wool is well accepted in the world market. Wool is the only export commodity which must be graded and certified by the government prior to export.

Tea has dropped greatly as a source of foreign exchange in the last 4 years. During 1956-57, 21.2 million pounds were exported compared with about 12 million pounds in 1958-59. Production is to be increased from the current 52-million-pound level to 80 million pounds by the expansion of tea plantation acreage and the continuous restoration of old bushes. When this increase in tea production is expected has not been specified.

Export quotas are to be fixed for each tea plantation in proportion to its average output and participation in exports in the past. As an inducement the Regime will return the excise tax on the amount of tea exported. Currently the tax is about 8 cents per pound.

Agricultural Credit: Two institutions provide rural credit in Pakistan. The Agricultural Bank was established in the latter part of 1957, and its loan operations began during the past year (1958-59). This bank has 7 branches in each wing of the country. Actual lending has been confined to East Pakistan because current land reforms have prevented loans in West Pakistan. The Development Finance Corporation, established 5 years ago, also provides rural credit. These 2 banking institutions have assigned territories of operation to avoid duplication of services. It has been suggested by the Agricultural Economics Society of Pakistan that they be merged. The Credit Inquiry Commission was set up to examine the whole credit structure of Pakistan.

Trade Policies

Export Promotion: In an attempt to accelerate exports the Martial Law Regime has promulgated an Export Bonus Scheme. Under this scheme any exporter of agricultural products (except jute, cotton, wool, and tea) is eligible to receive 20 percent of the total foreign exchange earned in the form of import certificates. The exporters of manufactured goods are entitled to receive 40 percent of the foreign exchange earned; exceptions are exporters of cotton and jute goods who are entitled to only 20 percent of the foreign exchange earned. The holders of import certificates are free to buy and sell them within the country or use them for imports of authorized commodities.

Trade Restrictions: The Regime maintains absolute control over all imports and exports. All items imported are specified, as are the sources from which they may originate. An import license is required for all commercial shipments, except those on government account which are purchased by the various departments directly. The Regime has a monopoly on the import of wheat, rice, and white sugar. The government loses money in its wheat transactions because of the differential between the fixed price to the consumer and the procurement price plus handling. Some profit is made on rice purchases and sales.

The government keeps especially tight control on the exchange earned through exports of jute, cotton, wool and tea because from these earnings government purchases are made. Jute, cotton, wool, and tea exports are the main foreign exchange earners, the first 2 making up about 75 percent of total export earnings.

Tariffs were unchanged during 1958-59. The Martial Law Regime has plans to revise the current customs regulations which are outdated.

Trade Agreements: Pakistan has 3-year rice purchase agreements concluded 2 years ago with Burma and Thailand. Recently Pakistan has indicated it would like to cancel these commitments in this, the third and final year. However, Pakistan has indicated it will honor its Burmese agreement, but probably not the Thai because of higher rice prices. During the year Pakistan has made barter deals with Red China, Poland, and Czechoslovakia which helped move surplus cotton and jute stocks. Pakistan has trade agreements with Austria, Afghanistan, Belgium, Hungary, Luxemburg, Ceylon, Japan, West Germany, Lebanon, Iran, Indonesia, and India.

U.S. Trade: Over the last few years, the United States has become Pakistan's most important import source of agricultural commodities. Total U.S. agricultural exports to Pakistan have been between \$60-91 million for the last 3 calendar years (Table 1). There has been a decline of 28 percent in total agricultural exports to Pakistan between 1956 and 1958 due mainly to a 69 percent decrease in rice exports for the period.

Population increases will likely absorb any improvements Pakistan might achieve in agricultural production under current development plans. Therefore, Pakistan will probably continue as a net importer of agricultural commodities, with the United States exporting near the current level during 1958, primarily on the strength of food grain shipments. Almost all U.S. agricultural exports to Pakistan have been under government programs, principally Public Law 480. The current Public Law 480, Title I agreement concluded with Pakistan in November, 1958 provides for the purchase by Pakistan of \$82 million in U.S. surplus agricultural commodities, including 31 million bushels of wheat, 1 million bags of rice, and 44 million pounds of vegetable oils.

The substantially lower level of U.S. agricultural imports from Pakistan in 1958 reflects the difficulties encountered by that country in disposing of its export commodities (Table 2). U.S. agricultural imports from Pakistan in calendar 1958 totaled only \$18,388,000 compared with \$31,975,000 in 1957. Raw jute and carpet wool accounted for most of the decline, although imports of every other important commodity also fell in value. (Pakistan has been bartering cotton and jute with Sino-Soviet bloc countries during 1959 in efforts to move surpluses of these commodities.

Foreign Assistance in Agriculture

Pakistan has received technical assistance from numerous sources during the year. The United States provided assistance through the International Cooperation Administration and the Ford Foundation. Two teams of Japanese

Table 2. UNITED STATES: Agricultural Imports from Pakistan 1956, 1957 and 1958

Commodity	1956	1957	1958
	<u>1,000 Dollars</u>		
Tea	0	113	0
Wool, unmanufactured	11,306	11,739	7,159
Goat and kid skins	2,021	1,839	1,560
Animal hair, unmanufactured	1,102	1,063	540
Cotton, unmanufactured	1,078	2,639	1,182
Jute and jute butts	14,042	14,204	7,698
Bones, hoofs, and hornes	145	49	0
Seeds	113	241	122
Other agricultural	145	88	127
Total	29,952	31,975	18,388

U.S. Trade Statistics

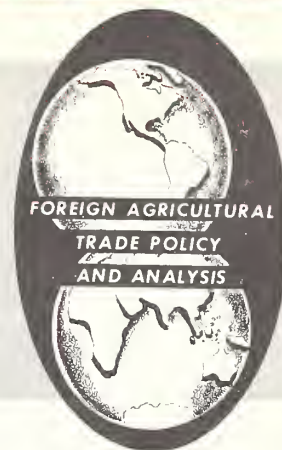
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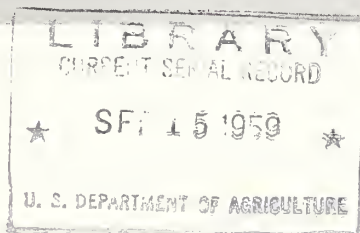
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FOREIGN AGRICULTURE CIRCULAR



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FATP 23-59
September 9, 1959

REMOVAL OF MALAYAN^{1/} IMPORT RESTRICTIONS

SHOULD EXPAND U.S. AGRICULTURAL TRADE

Singapore and the Federation of Malaya removed restrictions on direct importation of most items from the United States and other dollar areas on August 1, 1959. Reexports of dollar goods from Singapore and Penang, a free port of the Federation, are also now permitted.

An increase in direct trade with the United States is expected to improve the market for some agricultural commodities. Last year 73 percent of Malaya's agricultural imports from the United States were shipped through Hong Kong, adding approximately 5 percent to the price of most commodities. The elimination of the commission on purchases through Hong Kong should lower the import price on U.S. goods.

Prospects for increased trade have been further improved by the inclusion of the reexport or entrepot trade of dollar goods in Penang and Singapore. This portion of the trade will probably show improvement first, since the re-export of most dollar items, even though they came by Hong Kong, had previously been banned.

AGRICULTURAL DEVELOPMENT

The Federation of Malaya is an agricultural country, and its economy depends upon the export of its primary raw materials. Rubber is the most important crop and, with tin, dominates the country's economy. Singapore is a free

^{1/} The term "Malaya" refers to both the Federation of Malaya and Singapore. When referred to separately, the "Federation" or "Singapore" is used.

port and for many years has served as a collecting, processing and re-shipping point for agricultural products produced on many of the nearby islands.

Realizing the vulnerability of its economy, due to fluctuating world demand for natural rubber, the Federation decided to strengthen its general economy through diversification. A 5-Year agricultural development plan was introduced in 1956. The objectives are to: (1) achieve self-sufficiency in essential food stuffs, especially rice; (2) diversify crops; (3) increase production of existing crops; (4) improve the marketing system; (5) give financial assistance to farmers through various agencies; (6) give security to cultivators; (7) provide extensive agricultural education.

The Federation is also attempting to broaden its economic base by giving essential industries certain tax concessions for 5 years. This legislation, called the Pioneer Industries Ordinance, should not only help in diversifying the general economy and somewhat stimulate local employment, but should also help lessen the dependence of the area on certain categories of imported goods.

Recession in the Federation's main export commodities in 1958, and budget limitations caused the 5-Year development programs to be reduced to a more modest scale. In spite of this, the Federation's agricultural policy has not changed fundamentally, however, there has been a shift in emphasis, from long-term projects to quicker methods of expanding food production.

Increased production probably will come from more intensive cultivation in conjunction with improved cultivation methods, high-yielding seeds, greater use of fertilizers, more effective pest and disease control and better irrigation facilities, rather than from increased acreage. Production of food commodities in the Federation is not expected to increase much faster, in the next year or two, than the rapid population growth, which has averaged 3.2 per cent annually in recent years.

Barring adverse weather, however, the Federation expects to be the world's largest producer of natural rubber in 1959. There should be a long-term increasing trend in the production of rice, palm oil, fruit and other food crops because of the greater extension and educational activities of the Federation Department of Agriculture.

AGRICULTURAL TRADE REGULATIONS

The Federation of Malaya and Singapore have always adopted similar foreign trade policies. Even though Singapore is now a self-governing State, no significant difference in external trade policies is expected.

Import Licenses: A few items imported from hard currency sources must be supported by specific import licenses before dollar exchange is granted.

Singapore still requires specific licenses for imports of fresh eggs, hides and skins, live poultry, meats (except canned meats), plants and rice. The Federation requires specific import licenses for live animals (except sheep

and goats), live poultry, eggs in shell, plants and rice. Meats and hides and skins from dollar areas are not subject to specific import licenses in the Federation. In addition to the special import license, eggs in shell must be stamped in indelible ink showing their countries of origin.

Import licenses for the above items are obtainable on the merits of each individual case; however, specific licenses for most of the items are expected to be freely granted.

Tariffs: The existing Malayan tariff structure has been designed principally to raise revenue and not to protect local industries. With the exception of a few recent revisions in Singapore tobacco import duties to earn more revenue to meet budget deficits, Malayan import tariffs have otherwise remained unchanged during the past year.

With the attempt to encourage local industries, there may be some slight changes in 1959-60. Although the government has repeatedly stated that it has no intention of fostering or encouraging uneconomic industries, there will be continuing pressure upon it to do so. At this time, it is not expected that any changes will hurt imports of U.S. farm products. In fact, it could enhance their position by setting up industries that might use U.S. bulk farm commodities, such as cotton, grains, tobacco and nonfat dry milk.

This does not necessarily mean that even with dollar liberalization and tariff changes, sales of U.S. farm products will greatly expand in the short run. High freight charges from the United States, and distance are deterrents, except where quality supplants price as the dominant factor.

Because of their free port status, Singapore and Penang, although part of the Federation, have import duties only on one farm commodity--tobacco. On the other hand, the Federation has import tariffs on a wide range of farm products and export duties on a number of domestic products.

Bilateral Trade Agreements: Since Independence the Federation has signed only one trade agreement -- with Australia. This agreement is effective for 3 years from August 26, 1958. Principal exports from the Federation to Australia include rubber, tin and timber. Australia agreed to remove the import duty on rubber from the Federation and confirm the free entry of tin. It also agreed not to increase the rate of import duty on the Federation's undressed sawn timber.

Export Duties: There are neither subsidies nor export aids in Malaya; however, the Federation has export duties of 5 percent ad valorem on exports of copra, arecanuts, coconut oil, palm oil, palm kernel oil, tapioca, and tapioca products. The export duty on rubber is based on a series of schedules and prevailing rubber prices. In Singapore and Penang, exports of these commodities are duty free.

TRADE

The Federation consistently has a favorable balance of trade, and is one of the largest dollar earners of the sterling area. However, Federation trade in 1958 shows a sharp drop in exports to the dollar area, with reduced U.S. buying accounting for most of the decrease. Imports from the dollar area were also lower in 1958 than the previous 4 years. Singapore's total trade by value in 1958 showed a decline of 8.2 percent compared to 1957. This was probably due to the fact that the price of rubber, the principal export, was lower.

Exports

Rubber is Malaya's most important export commodity, accounting for almost half of export earnings in 1958. Most of the rubber shipments go to the United States and the United Kingdom. Rubber exports are followed in importance by tin, iron ore, palm oil, canned pineapple, copra, and coconut oil. The United Kingdom, United States, and Japan are Malaya's most important customers.

Exports to U.S.: In 1958, Malaya shipped 16.4 percent of its agricultural exports to the United States. However, the 1958 volume was 20.6 percent below that in 1957.

Crude rubber accounted for 98 percent of the Federation's 1958 exports to the United States. Other exports included spices, tapioca, and hides and skins. Crude rubber made up about 94 percent of Singapore's exports to the United States last year. The other 6 percent was allied gums and spices.

Imports

As a result of specialization in export crops, Malaya imports approximately 40 percent of its food requirements. It also imports sizable quantities of rubber and copra for processing and reexport.

The Federation's most important agricultural imports are rice, wheat flour, sugar, condensed milk, and fresh fruits. Singapore's principal imports, for processing or reexporting, are crude rubber, copra, pepper, tea, and coffee.

Malayan 1958 rice imports, amounting to 641,000 metric tons, were about 7 percent higher than in 1957. Burma and Thailand are the principal sources, accounting for 81 percent of 1958 imports.

Annual imports of wheat flour over the years have increased in volume. In 1958, Malayan wheat flour imports, totaling 161,000 metric tons, more than doubled the averaged annual imports of prewar years 1935-39. Australia is

the principal supplier of wheat flour. The 3-year bilateral agreement calls for the Federation to buy a minimum of 81,000 metric tons of wheat flour annually.

Malaya also imports a large quantity of dairy products, of which canned milk is the largest single item. About two-thirds of Malayan dairy-product needs are supplied by the Commonwealth countries and the rest by the Netherlands, Denmark, and other countries.

Australia and countries surrounding Malaya are the main suppliers of grains and feedstuffs. Australia supplies wheat, rye, oats, bran pollard, hay, and fodder. Cambodia and Thailand supply the bulk of Malayan corn requirements.

Imports from U.S.: U.S. farm products face a number of handicaps in the Malayan market: (1) price; (2) transportation; (3) Commonwealth tariff preference; and (4) Malaya's proximity to Mainland China, a source of low-priced supplies. In the market level where quality, not price, is the determining factor, U.S. canned and processed products have no peer. Malaya has consistently had a very favorable balance of trade with the United States. Last year Malaya exported to the United States \$80.4 million worth of agricultural products. In return, Malaya bought \$5.7 million worth of agricultural goods, resulting in a favorable balance of agricultural trade for Malaya of \$74.7 million. The overall balance of trade with the United States was \$79.9 million in favor of Malaya.

The U.S. share of Malaya's agricultural imports is only about 1 percent. Fruits are the major item, with flavoring sirups, canned vegetables, and wheat flour also important. Fresh oranges and tangerines, canned vegetables, meats, cotton, and wheat flour are the most important U.S. exports to Singapore.

Malayan imports of U.S. cotton and tobacco increased in 1958 over the preceding year. With the further development of textile and cigarette manufacturing industries, imports of these commodities should materially increase. Imports of fresh fruits were down rather sharply in 1958, because of higher U.S. prices and the availability of large supplies from other sources at significantly lower prices.

In comparing U.S. farm exports to Malaya with those to other countries, it is significant that all exports to Malaya have been for dollars and not foreign currencies. The only exception has been small quantities of Public Law 480, Title III donations through various welfare agencies. With the relaxation of restrictions on imports from dollar sources and the official encouragement of secondary industries, it is very likely that the U.S. share of the Malayan market for imported agricultural products will expand. It is even more likely that the increase will be in bulk raw materials rather than in finished products.

MALAYA^{1/}: Agricultural exports by value, 1955-58

Category	: 1955	: 1956	: 1957	: 1958
	: Million	: Million	: Million	: Million
	: U.S. dol.	: U.S. dol.	: U.S. dol.	: U.S. dol.
Livestock and animal products	: 4.7	: 4.9	: 4.9	: 4.6
Cereals and preparations	: 10.4	: 13.1	: 18.1	: 25.4
Fruits, nuts, and vegetables	: 24.6	: 27.7	: 24.7	: 20.0
Sugar and preparations	: 2.6	: 3.3	: 2.9	: 1.8
Tobacco, unmanufactured	: .5	: .4	: .8	: 1.9
Fats, oils, and oilseeds	: 42.5	: 47.3	: 61.7	: 56.9
Rubber	: 762.0	: 677.4	: 640.6	: 591.3
Natural fibers	: .3	: .2	: 1.0	: .2
Other agricultural products	: 46.2	: 58.3	: 63.7	: 60.0
Total agricultural	: 893.8	: 832.7	: 847.3	: 760.7
Total all exports	: 1,365.4	: 1,368.4	: 1,370.2	: 1,224.1
Percent agricultural of total	: 65.5	: 60.9	: 61.8	: 62.1

^{1/}Includes Singapore and the Federation of Malaya, but excludes trade between these two countries.

Malayan Trade Statistics.

MALAYA^{1/}: Agricultural exports to the United States by value, 1955-58

Category	: 1955	: 1956	: 1957	: 1958
	: 1,000	: 1,000	: 1,000	: 1,000
	: U.S. dol.	: U.S. dol.	: U.S. dol.	: U.S. dol.
Livestock and animal products	: 56.8	: 49.5	: 292.4	: 319.2
Cereals and preparations	: --	: --	: .3	: .1
Fruits, nuts and vegetables	: 2.7	: .8	: 103.5	: 27.4
Sugar and preparations	: --	: --	: --	: --
Tobacco, unmanufactured	: --	: --	: --	: --
Fats, oils and oilseeds	: 4.1	: 2.4	: 4.3	: 17.7
Rubber	: 140,673.8	: 108,605.1	: 94,718.8	: 72,487.6
Natural fibers	: --	: --	: --	: --
Other agricultural products	: 5,554.6	: 5,323.2	: 6,208.2	: 7,587.1
Total agricultural exports to U.S.	: 146,292.0	: 113,981.0	: 101,327.5	: 80,439.1
Total all exports to U.S.	: 237,652.3	: 206,745.2	: 183,197.3	: 124,687.8
Percent agricultural of total to U.S.	: 61.6	: 55.1	: 55.3	: 64.5
U.S. share of agricultural exports in percent	: 16.4	: 13.7	: 12.0	: 16.4

^{1/}Includes Singapore and the Federation of Malaya
Malayan Trade Statistics.

MALAYA^{1/}: Agricultural imports by value, 1955-58

Category	: 1955	: 1956	: 1957	: 1958
	: Million	: Million	: Million	: Million
	:U.S. dol.	:U.S. dol.	:U.S. dol.	:U.S. dol.
Livestock and animal products	: 54.1	: 57.3	: 57.4	: 55.8
Cereals and preparations	: 86.4	: 95.6	: 92.3	: 110.1
Fruits, nuts, and vegetables	: 38.1	: 42.1	: 42.7	: 40.6
Sugar and preparations	: 23.6	: 28.8	: 31.9	: 31.3
Tobacco, unmanufactured	: 1.0	: .7	: 1.3	: 3.1
Fats, oils, and oilseeds	: 24.0	: 25.6	: 37.6	: 48.4
Rubber	: 212.3	: 195.8	: 188.6	: 179.7
Natural fibers	: 1.1	: 1.2	: 2.0	: 1.5
Other agricultural products	: 68.5	: 77.1	: 74.7	: 77.9
Total agricultural	: 509.1	: 524.2	: 528.6	: 548.4
Total all imports	: 1,255.5	: 1,364.3	: 1,438.8	: 1,345.4
Percent agricultural of total	: 40.5	: 38.4	: 36.7	: 40.8

^{1/}Includes Singapore and the Federation of Malaya, but excludes trade between these two countries.

Malayan Trade Statistics.

MALAYA^{1/}: Agricultural imports from the United States by value, 1955-58

Category	: 1955	: 1956	: 1957	: 1958
	: 1,000	: 1,000	: 1,000	: 1,000
	: U.S. dol.	: U.S. dol.	: U.S. dol.	: U.S. dol.
Livestock and animal products	: 330.8	: 595.5	: 765.2	: 986.8
Cereals and preparations	: 500.4	: 827.8	: 637.4	: 834.3
Fruits, nuts, and vegetables	: 2,875.0	: 3,644.2	: 3,859.8	: 2,839.9
Sugar and preparations	: 2.0	: 1.7	: 2.0	: 35.8
Tobacco, unmanufactured	: 448.8	: 300.5	: 26.5	: 54.2
Fats, oils, and oilseeds	: 15.8	: 17.1	: 27.1	: 17.4
Rubber	: --	: --	: --	: --
Natural fibers	: --	: --	: 115.8	: 452.2
Other agricultural products	: 458.6	: 421.6	: 748.1	: 439.8
Total agricultural imports from U.S.	: 4,631.4	: 5,808.4	: 6,181.9	: 5,660.4
Total all imports from U.S.	: 48,860.7	: 61,667.8	: 54,461.6	: 44,824.5
Percent agricultural of total from U.S.	: 9.5	: 9.4	: 11.4	: 12.6
U.S. share of agricultural imports in percent	: 0.9	: 1.1	: 1.2	: 1.0

^{1/}Includes Singapore and the Federation of Malaya

Malayan Trade Statistics

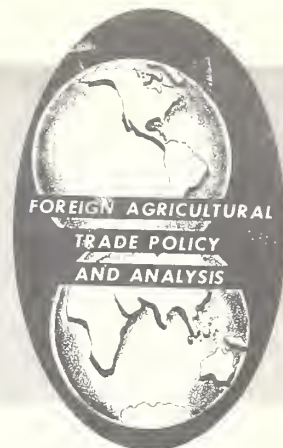
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SUDAN'S DEFICIT TRADE

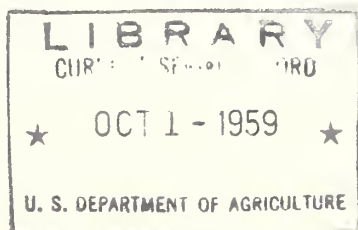
BALANCE CONTINUES

Sudan's exports consist almost wholly of agricultural commodities. The products of agriculture made up 97 to 99 percent of yearly exports from 1954 through 1958. Agriculture does not have such an important role in imports, however, for agricultural products accounted for only 16 to 25 percent of Sudan's imports during the same 5-year period.

A large negative balance of trade in 1957 depleted Sudan's foreign exchange and necessitated action to curb imports. In spite of such action, the negative balance continued during 1958. There was an \$18-million reduction in the value of exports, but imports were cut only \$11 million.

TABLE 1.--SUDAN: Value of agricultural trade in relation to total trade, annual 1954 through 1958

Year	Exports				Imports				Trade balance
	Agr.	Non-agr.	Total	Per-cent	Agr.	Non-agr.	Total	Per-cent	
	Mil. dol.	Mil. dol.	Mil. dol.	Per-cent	Mil. dol.	Mil. dol.	Mil. dol.	Per-cent	
1954	108.5	3.1	111.6	97.2	34.7	104.5	139.2	24.9	-27.6
1955	137.8	2.4	140.2	98.3	32.7	107.4	140.1	23.3	+ .1
1956	185.0	2.5	187.5	98.7	32.1	97.8	129.9	24.8	+57.6
1957	138.1	2.2	140.3	98.5	46.1	147.8	193.9	23.7	-53.6
1958	121.0	1.4	122.4	98.9	30.6	152.1	182.7	16.7	-60.3



Agricultural trade with U. S.:--The United States sends only negligible amounts of agricultural products to Sudan. Most goods sent are industrial and consumer goods. On the import side, agricultural products amounted to 99 percent of all goods the United States imported from Sudan in 1958 (Table 2). The largest agricultural import item is gum arabic, which made up to 70 to 80 percent of the total U. S. imports from 1955 through 1958.

TABLE 2.--UNITED STATES: Agricultural trade with Sudan, annual 1955-58
EXPORTS

Commodity	Quantity				Value				
	Unit:	1955:	1956:	1957:	1958:	1955:	1956:	1957:	1958:
		Thou.	Thou.	Thou.	Thou.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Cottonseed . . .	Lb.	0	0	0	17	0	0	0	3
Fruit cocktail ..	Lb.	(2/)	(2/)	11	0	(2/)	(2/)	2	0
Dairy products ..	Lb.	0	36	0	0	0	4	0	0
Wheat flour . . .	Cwt.	140	0	0	0	464	0	0	0
Tallow, inedible	Lb.	0	442	0	0	0	42	0	0
Other agricultural:	--	0	(1/)	(1/)	0	0	4	1	0
Relief and charity:	--	--	--	--	--	--	--	--	4
Total agricultural						464	50	3	7
Nonagricultural						1,006	789	4,474	2,137
Total exports						1,470	839	4,477	2,144
Percentage agricultural						31.6	6.0	--	--

IMPORTS

Gum arabic	Lb.	7,521	8,283	8,077	9,230	2,591	2,772	2,978	3,141
Hides and skins, raw	Lb.	1,393	1,550	1,157	(1/)	513	694	555	773
Cotton, unmfed.	Lb.	535	788	9	262	231	358	5	113
Senna	Lb.	86	378	248	370	8	38	29	45
Beeswax, crude	Lb.	0	12	33	22	0	7	18	12
Sausage casings	Lb.	0	4	0	0	0	15	0	0
Other agricultural: --		(1/)	(1/)	(1/)	--	2	8	66	0
Total agricultural						3,345	3,892	3,651	4,084
Nonagricultural						14	27	61	35
Total imports						3,359	3,919	3,712	4,119
Percentage agricultural						99.6	99.3	98.4	99.2

1/ Quantity not listed. 2/ If any, included in others.

EXPORTS

Sudan's agricultural exports are made up primarily of raw and semiprocessed products. The leading export is cotton, the principal foreign exchange earner for a number of years. Along with cottonseed, it constituted 71 percent of the value of all exports in 1956, 57 percent in 1957, and 59 percent in 1958.

TABLE 3.--SUDAN: Principal agricultural exports, 1956-58

Commodity	Unit	Quantity			Value ^{1/}		
		1956	1957	1958	1956	1957	1958
		Thou.	Thou.	Thou.	1,000 dol.	1,000 dol.	1,000 dol.
Crops:							
Cotton	M.tons	111.7	62.6	83.7	119,654	65,795	68,443
Gum arabic	M.tons	49.2	42.9	49.3	15,409	13,405	15,398
Peanuts	M.tons	64.1	73.1	67.7	10,874	13,502	10,540
Sesame	M.tons	40.4	41.0	31.7	5,885	7,554	6,776
Cottonseed	M.tons	151.9	186.8	60.8	13,414	14,808	4,383
Oilcake	M.tons	46.6	54.4	64.5	2,770	2,683	3,431
Livestock and live- stock products:							
Camels	Head	38.1	42.7	30.2	3,538	4,031	2,965
Cattle	Head	59.5	60.7	38.0	2,945	4,010	2,887
Sheep	Head	148.6	132.4	98.8	1,415	1,844	2,048
Hides and skins	M.tons	4.4	5.0	4.2	2,986	2,951	2,831
Other agricultural					6,136	7,523	1,346
Total agricultural					185,026	138,106	121,048
Nonagricultural					2,504	2,156	1,392
Total exports					187,530	140,262	122,440
Percentage agricultural					98.7	98.5	98.9

^{1/} Value computed at Sudanese pound = \$2.87 U.S.

As shown in Table 3 and 4 cotton exports dropped sharply in 1957, whereas cottonseed exports showed an increase that year.

Sudanese cotton is normally marketed in the calendar year following the growing season as the harvest usually begins in December. The crop was larger than usual in the 1956-1957 season, but the government-set price was above that prevailing on the world market. This discouraged purchasers and resulted in a large carryover of cotton to the next year.

TABLE 4.--SUDAN: Cotton exports, by country of destination, 1956-58

Country	Quantity			Value ^{1/}			Country share by value 1958
	1956	1957	1958	1956	1957	1958	
	1,000 M.tons	1,000 M.tons	1,000 M.tons	1,000 dol.	1,000 dol.	1,000 dol.	
Western Europe . . .	77.0	40.2	55.4	80,879	41,066	44,584	65.1
United Kingdom . .	50.7	23.4	33.3	53,926	22,978	26,521	38.8
Germany, West . . .	9.4	4.2	9.3	10,010	4,457	7,609	11.1
France	5.5	6.6	8.0	5,129	6,900	6,593	9.6
Italy	8.4	4.5	2.7	8,956	5,234	2,210	3.2
Belgium	1.6	.9	1.4	1,397	801	1,006	1.5
Switzerland . . .	1.4	.6	.7	1,461	696	645	.9
Communist countries	6.8	6.1	3.9	5,425	6,600	3,345	4.9
Poland	1.6	.2	1.3	1,608	231	1,151	1.7
Czechoslovakia . .	.8	1.1	1.2	934	1,312	1,128	1.7
Hungary . . . . .	.5	.6	.7	449	622	639	.9
China	3.9	2.2	.7	2,434	1,574	427	.6
U.S.S.R.	--	2.0	--	--	2,861	--	--
Asia	25.4	12.3	16.6	28,344	15,701	15,553	22.8
India	21.7	11.7	14.2	24,467	15,059	13,595	19.9
Japan	3.7	.6	2.4	3,877	642	1,958	2.9
Africa	1.8	2.2	3.1	1,172	1,386	1,667	2.4
Ethiopia ^{2/} . . .	1.8	2.2	3.1	1,172	1,386	1,667	2.4
Other countries . .	3.7	1.8	4.7	3,834	1,042	3,294	4.8
Total	114.7	62.6	83.7	119,654	65,795	68,443	100.0

^{1/} Value computed at Sudanese pound = \$2.87 U.S.

^{2/} Includes Eritrea.

During the 1957-1958 season, the cotton crop was short, due to adverse weather and insect damage. In spite of this, sales were slightly higher in 1958 than in the previous year; cotton was drawn from the large carry-over stocks. But sales of cottonseed in 1958 were lower than in 1957, reflecting the smaller cotton crop.

The United Kingdom is the chief buyer of Sudan's cotton (Table 4). The second largest market is India. Communist countries took less than 5 percent of Sudan's cotton exports in 1958, a large drop from 10 percent in 1957, but on a level with 4.5 percent in 1956.

TABLE 5.--SUDAN: Gum arabic exports, by country of destination, 1956-58

Country	Quantity			Value ^{1/}			Country share by value 1958
	1956	1957	1958	1956	1957	1958	
	Metric tons	Metric tons	Metric tons	1,000 dol.	1,000 dol.	1,000 dol.	Per cent
United Kingdom . . .	12,323	9,105	10,244	3,964	3,062	3,248	21.1
United States . . .	8,809	8,695	9,870	3,037	2,833	3,230	21.0
Italy	3,882	3,684	4,518	1,245	1,201	1,462	9.5
Netherlands	3,819	3,408	3,643	1,022	907	1,019	6.6
France	3,605	2,605	2,892	1,089	791	882	5.7
India	3,710	2,535	3,251	796	593	724	4.7
Belgium	2,038	1,484	2,149	641	471	691	4.5
Japan	1,476	1,408	1,985	491	463	656	4.3
Germany, West	1,789	1,792	1,800	592	555	577	3.7
China	175	1,061	1,458	58	340	460	3.0
Australia	1,356	1,291	1,133	449	421	368	2.4
Sweden	1,365	719	986	448	238	325	2.1
Denmark	802	751	979	261	235	313	2.0
Czechoslovakia . . .	142	385	714	47	125	231	1.5
Other countries . . .	3,937	3,992	3,680	1,269	1,170	1,212	7.9
Total	49,228	42,915	49,302	15,409	13,405	15,398	100.0

^{1/} Value computed at Sudanese pound = \$2.87 U.S.

Gum arabic vies with cottonseed for second place in value of Sudan's exports. In years when the cotton crop is poor, gum arabic exports exceed cottonseed exports by substantial amounts.

The United Kingdom and the United States are the chief markets for Sudan's gum arabic. Together, they take 40 to 50 percent of the total. Gum arabic is Sudan's chief dollar earner, for it makes up 70 to 80 percent of all exports to the United States.

Livestock accounted for 4.2 percent of the value of all exports in 1956, 7.2 percent in 1957, and 6.5 percent in 1958. The overall increase, however, is merely because of the decrease in cotton exports; the absolute value of livestock exports was practically constant during the three years (Table 3). Camels, cattle, and sheep make up the livestock shipments, most of which go to Egypt.

Other important exports are peanuts, sesame, oilcake, and hides and skins.

IMPORTS

Import controls instituted by the government after the large negative trade balance of 1957 were directed largely against agricultural items, although these items accounted for less than one-fourth of total imports. These controls consisted mostly of withholding import licenses.

While nonagricultural imports increased in 1958, agricultural imports dropped enough to bring about decrease in imports as a whole (Table 5). Agricultural imports dropped from 23.7 percent of total imports in 1957 to 16.8 percent in 1958.

Although sugar made up only 6 percent of the value of all imports in 1958, it still amounted to 36 percent of the agricultural imports, making it the most important, of any agricultural commodity received. Over half of this sugar came from Taiwan and Egypt in 1958. Previously, the United Kingdom was the major supplier (Table 6). The government's import restriction policy has affected sugar imports considerably, as shown by the reduced 1958 imports.

France and West Germany were the most important sources of 1958 wheat flour imports. The major sources of wheat flour have varied considerably in recent years as shown in Table 6. Not shown in the table is the fact that the United States was an important supplier in 1955, when it sent over 6,000 metric tons of wheat flour to Sudan. Again the effect of government controls is apparent in the lower imports during 1958.

The step-up in total imports in 1957 was due largely to imports of machinery and other products to be used in developing irrigation, highways, and railroads. Textiles also contributed to the larger 1957 imports, but in 1958 textiles retreated to the 1956 level. The machinery imports, however, registered a further increase in 1958. Since Sudan cannot produce machinery, chemicals and similar items that are necessary to further development, no action was taken to restrict these imports during 1958.

TABLE 5.--SUDAN: Principal agricultural imports, 1956-58

Commodity	Quantity			Value 1/		
	1956	1957	1958	1956	1957	1958
	1,000 M. tons	1,000 M.tons	1,000 M.tons	1,000 dollars	1,000 dollars	1,000 dollars
Sugar	114.4	114.4	103.1	13,310	17,593	10,950
Tea	4.9	7.3	7.2	4,969	8,129	7,546
Coffee	7.6	8.2	4.4	5,513	6,110	3,885
Wheat flour	42.9	72.3	42.7	3,782	6,316	3,046
Rice	2.1	4.8	2.6	238	687	375
Other agricultural	--	--	--	4,334	7,211	4,846
Total agricultural				32,146	46,046	30,648
Nonagricultural				97,719	147,842	152,046
Total imports				129,865	193,888	182,694
Percentage agricultural				24.8	23.7	16.8

TABLE 6.--SUDAN: Sugar and wheat flour imports, by country of origin, 1956-58

Commodity and source	Quantity			Value 1/		
	1956	1957	1958	1956	1957	1958
	Metric tons	Metric tons	Metric tons	1,000 dollars	1,000 dollars	1,000 dollars
Sugar:						
Taiwan	17,700	36,750	33,200	1,896	4,772	3,668
Egypt	7,000	8,220	24,500	753	1,007	2,744
Poland	6,151	--	19,500	656	--	2,127
Brazil	--	--	17,374	--	--	1,596
India	--	14,808	8,527	--	2,351	813
United Kingdom	49,136	41,546	--	6,261	7,588	--
Italy	--	9,750	--	--	1,293	--
France	7,422	3,300	--	816	581	--
Czechoslovakia	27,040	--	--	2,928	--	--
Total sugar	114,449	114,374	103,101	13,310	17,592	10,948
Wheat flour:						
France	5,777	20	22,588	439	2	1,466
Germany, West	12,333	34,541	17,723	1,064	2,849	1,379
Australia	21,218	25,474	1,361	1,959	2,465	121
Italy	835	11,519	411	68	938	33
Hong Kong	1,495	135	--	142	13	--
Germany, East	505	--	--	45	--	--
Belgium	504	--	--	44	--	--
Netherlands . . .	202	--	--	19	--	--
Other countries:	20	590	611	2	49	47
Total wheat flour	42,889	72,279	42,694	3,782	6,316	3,046

1/ Value computed at Sudanese pound = \$2.87 U.S.

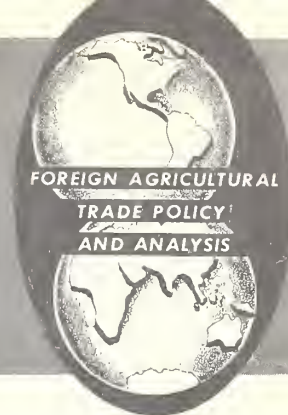
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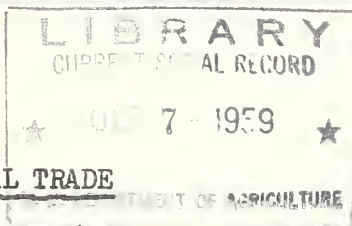
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BRITISH EAST AFRICA'S AGRICULTURAL TRADE
AND PRODUCTION SHOW IMPROVEMENT IN 1958

While mainland British East Africa's total trade was \$40.6 million lower in 1958 than in 1957, the value of total exports increased about \$13.3 million. These statistics do not include interterritorial trade between the three territories (Kenya, Uganda, and Tanganyika), amounting to more than \$50 million per year. The area's exports are primarily agricultural, except for diamonds and copper from Uganda. Of the total value of exports in 1957, agricultural items accounted for 89.4 percent in Kenya, 95.2 percent in Uganda, and 84 percent in Tanganyika (all excluding interterritorial trade). In 1958 East Africa supplied about 85 percent of all coffee exports from British Commonwealth countries.

Coffee, cotton, sisal, and tea, in order of importance, comprise more than two-thirds of East African exports, but other commodities are becoming increasingly important. Tea production (43 million pounds) could easily double in the next decade if demand and prices justify.

Kenya's 1958 export increase in value was mainly from tea, pyrethrum extract, butter, sisal, meat, and corn. Tanganyika's major increases were in sisal, and diamonds, with moderate increases in cotton, coffee, canned and fresh meats. Uganda's gain in value of exports of cotton, cottonseed cake, and hides and skins was offset by declines in coffee and vegetable oils. However, coffee for the second successive year, rather than cotton, was Uganda's most valuable export.

Agricultural imports are only 4 to 8 percent of total imports from outside mainland British East Africa, and consist chiefly of sugar, rice, wheat, canned and dried milk, unmanufactured tobacco, and small quantities of a few other commodities. Kenya is the major agricultural importer and Uganda the smallest. In addition, there is considerable interterritorial trade in tobacco, dairy products, wheat flour, meat, sugar, and vegetable oils and cake. For example, Kenya's 1958 exports of all local agricultural and manufactured products to Tanganyika increased over 1957 by \$3.5 million to about \$18.5 million, while Tanganyika's exports to Kenya were almost static.

Prior to 1956, British East Africa produced all its wheat needs, nearly all in Kenya. East Africa is now importing about 30 percent of its wheat requirements from Australia and Argentina, principally through Kenya. Wheat imports on an area basis are now coordinated through the Department of Economic Coordination of the important regional East Africa High Commission. Imports in 1958 were about 30,000 long tons. In the first half of 1959, 22,000 long tons were imported from Australia. Continuing severe rust damage to Kenya's best baking quality wheats has heightened the need for imports. In 1959 the new Unga flour mill in Dar es Salaam, Tanganyika, began importing part of its wheat from overseas. Most of East Africa's domestic and imported wheat is processed in Kenya-owned mills in all three territories (Unga, Ltd., subsidiary of Kenya Farmers Association).

East Africa imported 704,181 pounds of unmanufactured tobacco in 1958, or slightly more than in 1957. Imports were entirely by Kenya, since manufacture of East Africa's higher priced cigarettes is now concentrated in that territory. Import requirements for tobacco have been substantially reduced in recent years by Tanganyika's growing production of Virginia flue-cured tobacco for use in Kenya's and Uganda's tobacco factories. However, Tanganyika's first modern cigarette factory is now under construction at Dar es Salaam by the East African Tobacco Company.

U. S. TRADE WITH BRITISH EAST AFRICA

The area's exports to the United States in 1958 were valued at \$42.4 million compared with imports of \$10.3 million, representing a small increase. Uganda and Tanganyika always have large favorable dollar trade balances, but Kenya usually has a smaller dollar balance.

Agricultural imports in recent years from the United States have been largely limited to unmanufactured tobacco, entirely by Kenya. The United States supplies the major part of these unmanufactured tobacco imports. In 1957 U. S. tobacco exports to the area were transhipped through the United Kingdom. Therefore, U. S. export statistics for 1957, and also for 1958, do not accurately reflect the value and volume of such trade.

Import licenses have not yet been granted for dollar imports of wheat. However, the area has recently imported through Kenya nonfat dry skim milk for the first time from the United States. Imports in 1958 amounted to \$144,000 compared with \$32,000 in 1957. Kenya has a plant for manufacture of dried whole cream milk and is exporting small quantities to the United Kingdom.

The United States in 1957 bought 41.6 percent of Uganda's coffee exports, and is Kenya's second largest tea buyer. Through India, it is also the major buyer of Tanganyika's and Kenya's expanding cashew nut production. It is the principal buyer of Kenya's prethrum, an important buyer of Tanganyika's sisal, and of coffee from all three territories. It is also an important buyer of hides and skins, capsicum peppers, and papaya extract.

PATTERN OF TRADE CHANGING

While the United Kingdom continues to be the largest supplier of British East African imports, the value dropped, in 1958, to \$125.9 million from \$149.9 million in 1957. Japan has risen to a major position as a supplier (mainly textiles) in recent years, ranking second in 1957, but may be out-ranked in some years by West Germany or India. Also, West Germany has become an important supplier. It is significant that Uganda in 1957 imported twice as much synthetic fabrics in value as cotton textiles, even though it is East Africa's major cotton producer.

The United Kingdom continues to be the area's best customer, taking products valued at \$86.8 million in 1958, compared with \$80 million in 1957. In 1958 West Germany became the area's second best customer (\$47.6 million), principally Arabica coffee and cotton. India has decreased in importance in recent years mainly because of smaller volume of cotton purchases from Uganda.

Detailed 1958 statistics on the distribution of imports and exports by countries and commodities are not yet available.

POLICY, PRODUCTION, AND TRADE OF THE INDIVIDUAL TERRITORIES

Because of significant differences in government controls, agricultural policies and other economic policies, a discussion of the individual territories is necessary.

Kenya

Kenya has a large and continuing unfavorable visible trade balance with countries outside mainland British East Africa. Yet it has by far the largest total trade of the three territories--both internationally and inter-territorially. Its visible trade deficit is partially offset by expanding income from tourists, secondary industry, regional business and government services, interterritorial trade and other sources. While Kenya's major export income is still largely from European farms and plantation, the cash income from African crop and livestock production is steadily increasing at an accelerated rate.

Kenya's total national income increased from \$231.6 million in 1950 to \$479.2 million in 1958, while the agricultural income increased from \$102.5 million to \$181.4 million. During the same period the secondary industry income increased nearly three-fold, now providing about 15 percent of the total income. This represents an increase in the processing of both agricultural and non-agricultural items. Kenya in recent years, in contrast to Uganda and Tanganyika, has had to depend heavily upon United Kingdom grants and loans to finance its greatly accelerated agricultural development programs in African crop and livestock areas under the Swynnerton Plan.

Kenya's principal exports in 1957 by value were coffee (28.9 percent), tea (7.5 percent), sisal (5.5 percent), and wattle bark and extract (4.4 percent). It also exports moderate quantities of a number of other agricultural commodities, including cotton, pyrethrum, corn, and hides and skins. A vigorous campaign is being waged to expand its markets for meat, dairy products, pineapple, pyrethrum, and minor agricultural products on world markets.

Kenya's commercial agricultural and livestock production and marketing are directed by many boards, commodity associations and cooperatives, public and private. It spends a much greater portion of its budget directly upon agricultural and livestock programs than Uganda and Tanganyika. The largest portion of the government's agricultural budget is being spent on African agricultural and livestock improvement. Prior to World War II, most of the development funds were derived from local sources, private and public, and from private overseas investors.

However, during World War II the first large scale government marketing and guaranteed minimum producer prices were initiated for all commercial sales of wheat, corn, barley, sunflower seeds, and oats, in order to insure increased production for domestic and armed forces consumption in the area. The guaranteed minimum price system for the portion of these commodities produced for commercial sales is still in effect. Recently there has been increased emphasis by the government and marketing boards on greater crop and livestock diversification in both African and European mixed farming areas, as distinguished from the major export crops of coffee, tea, sisal, and pyrethrum.

The government and the various marketing boards have recently organized a vigorous and better coordinated export marketing program for its export commodities. Also a long term farm management and cost survey has been started in both European and African farming areas--the first of its kind in East Africa. The Department of Agriculture has established the first Market Research Division in East Africa. The Minister of Agriculture has recently appointed a special committee to make recommendations for simplification of the marketing and production board system, particularly for a better coordinated and more vigorous export organization.

Under the Swynnerton Plan over 1 million acres of fragmented African holdings have been consolidated into individual holdings during the past four years. The response by African farmers in some areas has been so great that the preparation of individual farm plans has not been able to keep pace with the rapid consolidation of fragmented individual family holdings. The improvement in African farms has particularly emphasized more efficient and intensive land use for the production of African coffee, tea, pyrethrum, pineapples, wattle bark, fruits and vegetables, as well as food crops for domestic consumption, coupled with establishment of improved marketing organizations and cooperatives. The program is resulting in substantial improvement in African farm income--the most spectacular so far being in coffee.

Mild high grade Arabica coffee is Kenya's most valuable export, and processing and marketing are handled by the semi-private Kenya Coffee Board. Acreage and production of coffee on small African holdings are recent developments under the Swynnerton Plan. European coffee acreage seems stabilized at about 61,000 acres. However, African acreage has increased from 1,735 acres in 1951 to 23, 146 in 1958 and is now about 30,000 acres. African acreage may reach 75,000 by 1968-69. African coffee is benefitting from the many years of experience and research of the European coffee industry. The areas for expanded African production have been carefully selected and planned to insure the growing of coffee in the best adapted areas. Two additional coffee stations have been established by the government to serve the main African producing districts. Kenya's present total coffee production is now only about 400,000 bags (132.2 pounds). However, production may more than double in the next decade. It has had no difficulty in marketing its coffee at levels above average world Arabica coffee prices.

Tea is Kenya's second most valuable export. Production (about 26.5 million pounds), until recently entirely from European owned plantations, is continuing to expand. However, African production on small farms has made a moderate beginning under the Swynnerton Plan. Non-African tea plantation production by Europeans and Asians in Tanganyika and Uganda is also steadily expanding, but present production is only about 16.5 million pounds. About one-fourth of present tea production is locally consumed, in contrast to the very low consumption of coffee.

Kenya is the world's largest exporter of pyrethrum extract for insecticide manufacture. Exports of dried flowers are rapidly disappearing since the recent development by the private Pyrethrum Board of an expanded extraction industry and a more highly specialized research program.

In May 1959 a separate Maize Marketing Board was organized in Kenya to supervise the domestic and export marketing of corn--a major item in the African diet. There are no quantitative restrictions on production, although levies are now made on sales to the Marketing Board, from which any minor losses on the small exports can be met. Small exports from surplus stocks in 1958 were said to have been at a moderately profitable level.

Of Kenya's estimated 7.1 million cattle, 7.4 million sheep and 6.5 million goats, only 884,000 cattle and 445,000 sheep are European owned. European dairy cattle (chiefly European breeds) are the major basis of the modern and expanding dairy industry in the highlands. About three-fourths of Kenya's area is semiarid and suitable only for livestock production.

European wool and meat sheep breeds are rapidly becoming more important in expanded diversified European farming after many years of pioneering by a few farmers. In 1959 about 1,200 Romney and Corriedale sheep were imported from New Zealand by the government and private farms, principally by the latter. African farmers are beginning to take an interest in European wool sheep breeds in the highlands. Kenya wool is now being marketed at favorable prices in the United Kingdom. There is an increased demand for domestic and export markets for Kenya mutton and lamb from European breeds.

Livestock for slaughter is now marketed on an improved basis through the semi-private Kenya Meat Commission, the African Livestock Organization, and by private traders who move stock from large producing areas into the larger African rural consuming districts. Cattle are gradually becoming more important in the African mixed farming areas of the highlands. All livestock trade moves along prescribed stock routes and is slaughtered for domestic and export markets under the careful supervision of the Department of Veterinary Services to prevent spread of disease and to maintain sanitary standards. In 1959, the meat canning plant at Athi River near Nairobi (established by the Meat Commission) enlarged its capacity to 30,000 cans of corned beef a day, partly for export. The Meat Commission also operates a modern slaughter and cold storage plant at the same site for handling of beef, mutton and lamb from both African and European herds for domestic and export consumption. Bacon and other pork products are handled at a separate plant at Uplands. Recent emphasis has been upon exporting the higher grades of beef to the Middle East and other nearby markets.

Kenya Cooperative Creameries buys, processes and markets most of the commercial dairy production (including expanding exports). It handled about 11 million gallons of milk in the 1958-59 season, of which about 2.5 million gallons was used for butter, ghee, and cheese manufacture. About 7.2 million pounds of butter were exported out of total sales of 13.8 million pounds. About one-half of the exports were shipped to the London market. Ghee production is now about 1.3 million pounds. A vigorous campaign is being conducted to expand the market for dairy exports to the Persian Gulf area, Aden, the Rhodesias, and the Belgian Congo. Fresh milk is now being shipped weekly by air to Aden. A trial shipment of dried whole milk has been made to the United Kingdom and a new milk marketing subsidiary was recently opened in Uganda. The first modern automatic milk pasteurization and automatic packaging plant in East Africa was opened in 1959 in Nairobi. East Africa's first milk condensing plant will begin operations at Naivasha in late 1959. In addition to the co-operative's cheese plant, a small private cheese plant is producing Belle Paese and other similar luxury type European cheeses.

Kenya is now receiving technical aid and funds for improvement of its agricultural production from outside sources, particularly on African holdings. Between 1956 and 1959 the U. S. International Cooperation Administration allocated about \$2.1 million, including cost of a few technical agricultural advisors for work in both African and European areas. In 1959 it allocated an additional sum of \$280,000 to aid in the establishment of the first substantial revolving loan fund to assist African farmers and cooperatives in improving buildings, processing and marketing facilities, and to purchase improved livestock, farm equipment, etc. Also, in 1959, the Rockefeller Foundation and Hindocha Trust Fund (affiliated with the Kenya Indian-owned Miwani Sugar Mills) aided substantially in the establishment of the first African non-degree three year diploma course in Kenya for junior agricultural staff at Siriba, Kenya. Full university agricultural degree courses for Africans are given at Makerere College in Uganda.

The British Colonial Office has very recently announced allocation to Kenya of \$14 million from Colonial Development and Welfare funds for expenditure for various projects for the period ending in March 1964.

Uganda

Uganda continues to have a substantial favorable overseas trade balance, despite lower prices for coffee and cotton. Over 90 percent of Uganda's agricultural exports continue to be produced by Africans. Non-African production is limited to tea, sugar, and a small amount of coffee and rubber. Sugar production is limited to two modern local Indian owned plantations and mills. In 1957, coffee made up 42 percent and cotton 34 percent of the value of all exports. Tea may soon replace copper (3.6 percent) as Uganda's third most valuable export. Uganda is largely self-sufficient in food and tobacco, including imports from Kenya and Tanganyika.

There are only two official marketing and control boards, Coffee Industry Board and Lint Marketing Board. In addition, the government licenses tobacco buyers and fixes annual minimum prices which they may pay for various grades and types of tobacco for the factories.

Cotton:--The Cotton Lint Industry Board buys all seed cotton at guaranteed prices from producers through its agents, establishes grades, supervises and pays for the ginning, supervises cotton auctions, and sells all the cotton at these auctions. It also sells cottonseed to private oil millers and exporters. It supplies seed of recognized varieties to the growers. Recently it has built its own cotton export warehouses at the port of Mombasa, Kenya. The government owned Uganda Development Corporation now owns the entire stock of the only large cotton textile mill in East Africa at Jinja, with a capacity of 12 million yards per year.

Despite vigorous research and extension work by the Lint Board, Department of Agriculture and the Empire Cotton Growing Corporation, cotton production since World War II has not yet reached the 1938 peak of 349,000 bales (500 pound basis). Estimated 1958-59 production is about 330,000 bales. Some cotton acreage in the Kingdom of Buganda is being replaced with coffee, but acreage has correspondingly increased in other parts of Uganda. Exports of cake and oil to Kenya and overseas in recent years have increased substantially in recent years. Export duties on declining cottonseed exports have been removed, and the export tax rate on cotton was reduced 15 percent.

On May 1, 1959, the advance minimum guaranteed price for seed cotton to producers for the 1959-60 marketing season was reduced to about 5.6 U.S. cents per pound (40 East African cents) of S.47 variety, and 41 East African cents for B.P. 52 variety. The cotton price stabilization reserves were drawn on heavily during the past two marketing seasons. Lower world market prices for cotton have reduced government export tax revenue.

While West Germany replaced India as the largest purchaser by value of Uganda cotton in the calendar year 1958, India still purchased 125,566 bales (400 pounds) of the 1957-58 crop, compared with 102,396 bales bought by West Germany. India formerly bought nearly two-thirds of Uganda's cotton, but Uganda has substantially widened its market among a larger number of countries. Uganda has already sold most of its 1958-59 cotton crop without great difficulty.

Coffee:--All African grown Robusta coffee (about 80 percent of all coffee) is bought entirely by the Coffee Industry Board through agents at guaranteed prices to producers, processed by private and cooperative plants, and sold at auction in Kampala for delivery to Mombasa, Kenya. The guaranteed price for African-grown Robusta is based on unhulled dried coffee. Most of Uganda's African-grown Arabica coffee is sold on the Kenya market by the Bugisu Cooperative Union at Mbale. The Union has just built its own plant at Mbale for removal of coffee parchment. The limited, but increasing, plantation production (about 10 percent) is marketed through private trade channels. Some groups of African producers are now classed as estates.

Robusta coffee acreage is now increasing at about 20,000 to 30,000 acres annually, without any other stimulus than a guaranteed minimum price of 10 to 12 U. S. cents per pound for unhulled dried coffee. However, some of the increased acreage is not yet in production. Although some individual African coffee holdings are as high as 250 to 500 acres, most are still relatively small. Since world prices for the bulk of Arabica coffees have declined sharply, Robusta coffee does not retain much of its former lower-price advantage.

Uganda's 1958-59 coffee crop is estimated at about 1.5 million bags, but the marketing board price reserves can be used to temporarily cushion losses on export sales of African-grown Robusta. There are two Robusta coffee harvests in Uganda: the main crop, and the "fly" or second crop. Sometimes very favorable rainfall distribution, as in late 1957, may result in a "fly" crop almost as large as the main crop. Frequently the trees are flowering and bearing fruit at the same time.

Tobacco:--In 1959 commercial tobacco production in Uganda reached a saturation point in domestic consumption. Commercially sold tobacco production is now about 7 million pounds. Any immediate production expansion must seek export markets, according to a recent Uganda government study.

Uganda is seeking to diversify both its limited industrial and agricultural economy through expansion of power facilities, copper and cobalt mining, hotels, and other tourist facilities, and crop diversification. It desires to lessen its primary dependence upon coffee and cotton. The large Owens Falls dam on the Nile River is not only furnishing power to nearby towns, but also to the new copper smelter and government owned cotton textile mill at Jinja. Uganda is also exporting substantial amounts of power to Nairobi and other towns in Kenya to meet expanding power needs for agricultural

and other processing industries. There is a large potential for hydro-electric power expansion in Uganda.

Experimental plantings of cocoa have begun in Uganda: 100 acres by the government-controlled Uganda Development Corporation and 75 acres by the privately-owned Uganda Company. A recent survey by a British cocoa production expert indicated that prospects were good for the establishment of a high-yielding cocoa industry, mainly in the southern heavier rainfall areas with suitable soils and drainage.

Tanganyika

Tanganyika in 1958 had a moderately favorable visible trade balance with countries outside East Africa, in contrast with a small deficit in 1957. However, this favorable balance was offset by a substantial deficit in interterritorial trade with Kenya and Uganda. Kenya's exports in 1958 to Tanganyika increased by \$3.5 million to \$18.2 million. The value of Tanganyika's domestic exports to destinations outside East Africa increased by 6 percent despite a fall of 7 percent in average export prices. However, there was a substantial drop in value of imports of agricultural and other capital equipment.

Cotton is the only government controlled commodity, except for a low minimum floor price maintained on corn sold through private trade channels. Cotton is entirely produced on small African farms. There are no large government reserves, although the moderate cotton price stabilization reserves have provided some grants for agricultural development in the cotton districts.

Sisal is Tanganyika's most valuable export (22.9 percent in 1957), followed by coffee (17.8 percent), cotton (15.8 percent), oilseeds and oil nuts (5.6 percent), cashew nuts (3.7 percent) and peanuts (2.6 percent). Tanganyika is the world's largest exporter of sisal. Sisal is produced, processed and marketed entirely through private trade channels. Tanganyika produces a wide variety of other commodities, including tobacco and oilseeds, some largely for domestic and interterritorial trade. It has little industry (except diamond mining) besides those connected with tea, coffee, and sisal processing for export, cotton ginning, and operation of local repair and transport facilities.

Cotton:--All seed cotton is now purchased from African producers by the Tanganyika Lint and Seed Industry Board, and sold at auctions in Dar es Salaam. Prior to 1959 the major portion of the crop (Lake Province) was sold in Uganda by the Uganda Lint Industry Board for the account of the Tanganyika Board. The Tanganyika Board also establishes grades, distributes certified seed and supervises ginning by private and cooperative ginneries, and auctions the cottonseed. Cotton production is now about 155,000 bales (500 pound basis), nearly tripling in the last decade. Production is now expanding at a much slower rate. Profits of the Board have gone into a moderate Cotton Price Assistance Fund. Tanganyika sent a cotton trade mission to India to promote its long term market in that country.

Coffee:--The well known Kilimanjaro Native Cooperative Union, and its processing and grading affiliate, Tanganyika Coffee Curing Works, Ltd. processes, grades, and markets most of Tanganyika's Arabica coffee. The moderate European production is marketed separately, but is processed and graded by the same plant. The KNCU performs services for many other African agricultural cooperatives. The Bukoba Coffee Union in West Lake Province markets and processes its coffee separately (principally Robusta) and exports it through Mombasa, Kenya. Present total coffee production is about 425,000 bags and is slowly expanding.

Tobacco:--Tobacco is increasingly important--particularly Virginia flue-cured tobacco (replacing Ehlers) for export to Kenya and Uganda, where it partially competes with U. S. tobacco. About three-fourths of present flue-cured tobacco is from European farms in the Iringa District. About 1 million pounds of production has been developed recently in a new area on African and European tenant farms and company-operated farms of the Tanganyika Agricultural Corporation (successor to the Groundnut Scheme) near Urambo in the Western Province. Other types of tobacco are grown on small African farms, part of which is purchased as green leaf by the East African Tobacco Company, which also purchases most of the flue-cured tobacco as well. In 1957 about 800,000 pounds of various types of tobacco were exported to points outside East Africa. However, the first modern cigarette factory is now being built at Dar es Salaam and may absorb some of this surplus production.

Tanganyika has in recent years become a major producer and exporter of cashew nuts largely to the United States after processing and grading, in India. Production is near 30,000 long tons.

Local Indian, Pakistani and Arab merchants and plantation owners are important in production and marketing of tea, sisal, copra and in the operation of oil mills and cotton ginneries, as well as in retail trade. Indian businessmen have been an important factor in developing the cashew nut production by African producers. However, European plantations and farms are still an important element in the production and processing of tea, sisal, wheat, pyrethrum, and Virginia flue-cured tobacco, as well as in the recently developed bean and pea seed production for export to European markets. Production and processing of wattle bark has recently been developed by a government sponsored corporation, Tanganyika Wattle Company.

The government owned Tanganyika Agricultural Corporation (successor to the famous Groundnut Scheme) is financed principally by remaining funds of the Groundnut Scheme and grants under the Colonial Development and Welfare Act. It is the major organization at present in aiding specific development projects, partly for new projects and partly for continuation and rationalization of some of the projects under the Groundnut Scheme. However, the Department of Agriculture through its regular services provides minor development funds and indirectly stimulates development. Recently a number of small agricultural development projects for African areas were submitted to the Department of Agriculture, about half of which would be for expansion of Arabica coffee in new areas.

The Tanganyika Agricultural Corporation is now engaged in making an extensive agricultural and power survey of the relatively undeveloped Rufiji River Valley, with the technical cooperation and financial assistance of the Food and Agriculture Organization of the United Nations and the Colonial Office. This valley comprises about one-fifth of Tanganyika's total area.

The Tanganyika Government has very recently been informed that for the period ending in March 1964 it will receive through the Colonial Office the third largest area allocation of Colonial Development and Welfare funds (\$16.8 million) for various specific projects and programs.

A World Bank Mission is currently making a comprehensive long term economic survey of the needs and potentialities of Tanganyika.

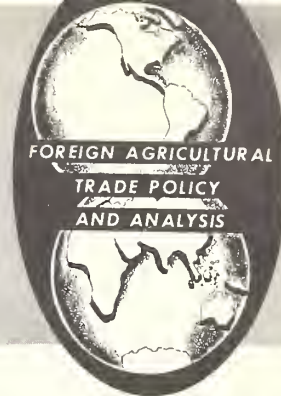
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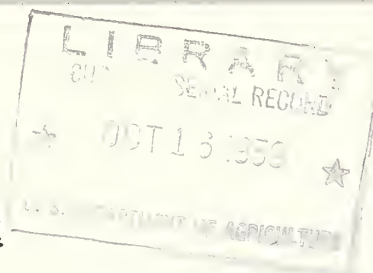
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NORTH BORNEO AND SARAWAK

INCREASE TRADE WITH U.S.

Total trade of North Borneo and Sarawak with the United States in 1958 was \$22 million or an increase of 337 percent above 1957 and 218 percent above 1956. A large part of the increase was due to greater U.S. imports of crude petroleum from Sarawak (originating in Brunei); however, U.S. agricultural trade with these countries also increased.

In 1958 agricultural trade between these countries and the United States was \$1.8 million - up 39 percent from the previous year. U.S. exports of livestock and animal products to both countries were larger in 1958, but most of the increase in agricultural trade was due to large U.S. imports of copra, rubber and manila hemp from North Borneo.

Trade with this area is significant in that the commodities imported are complementary to the U.S. agricultural economy. Also, U.S. exports are for dollars and not foreign currency. Another factor worth noting is that the United States has been improving its place among suppliers to these countries. Last year the United States ranked as the third most important exporter to North Borneo and eleventh to Sarawak. As a customer, the United States ranked fourth in Sarawak and seventh in North Borneo.

Introduction

North Borneo and Sarawak are British Crown Colonies located on the north-eastern part of Borneo, largest of some 3,000 islands, fringing the coast of Southeast Asia. Brunei, a British Protectorate, makes up the third geographic division of the area known as British Borneo. Agriculture is the mainstay for the people of Sarawak and North Borneo, but the economy of Brunei is dependent on production and export of crude petroleum.

Although many years behind other countries from an agricultural development standpoint, North Borneo and Sarawak are favored with nearly ideal conditions for growing tree-crops and therein lies their potential. Rich alluvial soils in North Borneo and a favorable climate throughout both Colonies provide the basis for future development of rubber, timber, cocoa, and oil palm.

North Borneo

North Borneo is roughly the size of South Carolina. Its population is approximately 416,000 of which one-third is engaged in agriculture. Owing to the mountainous nature of the country, its lack of communications and relatively small population, only some 5 percent of the total area is under cultivation. Of this, two-fifths, or 400,000 acres, is in arable crops, one-fifth in tree-crops and two-fifths in rough pasture.

North Borneo is a frontier on the verge of substantial development. The speed of this development will depend on Government policies on 3 main facets: (1) public land distribution; (2) immigration, and (3) attitude toward influx of capital of which a substantial portion may be Chinese.

Major crops

Rubber: Although timber has increased considerably in importance in recent years, rubber is by far the most important crop in North Borneo. Of other crops, oil palm, and cocoa appear to hold the greatest promise. Food production will probably expand at a slower rate than commercial crops. There appears to be no sense of urgency to become self-sufficient in food commodities.

Rubber is produced on nearly 15 percent of the cultivated land and makes up 25 percent of the total value of exports. In 1955 a Rubber Fund Board was established, which placed a tax on all rubber exports to finance a replanting scheme. Total acreage in rubber had been declining since the mid-1930's and a majority of the rubber trees were overage, but, owing to activities of the Rubber Fund Board, rubber replanting and new acreage are now increasing.

Most of the new planting is by smallholders. Large estates claim they cannot get labor to expand their planting. And some of the absentee owners are reluctant to invest more money in North Borneo. Most of the estate land is in large European-owned plantations. Some are owned by land companies and others by individuals, but few of the European owners live in North Borneo.

Large areas of rich alluvial lands, particularly on the east coast of North Borneo, have not been developed because of frequent flooding. Rubber will stand flooding and is well suited to these areas. Rubber is also well suited to the native custom of work. The natives are largely forest people and accustomed to work in the shade.

Tapping rubber is not hard work and the native can tap when he feels like working or needs money, or he can also neglect his plantation without injuring the trees. He will, however, tend to over-tap when the price of rubber is high.

Cocoa: The soil and climate in North Borneo are favorable for cocoa. Large tracts of land are now being reserved for this crop. There is already one estate of about 5,000 acres being planted and numerous applications for cocoa land have been filed with the Government. The North Borneo Department of Agriculture is enthusiastic about this crop and is making every effort to encourage its development on an orderly economic basis. Cocoa appears to have great promise during the next 5 to 10 years.

Oil palm: Another crop the Department of Agriculture is trying to encourage is oil palm. There are 2 large firms contemplating the establishment of about 30,000 acres of this crop. Serious consideration is also being given to the establishment of large areas for smallholders who would process their fruit in a cooperative mill which would initially be financed by the government. Thus, oil palm appears to have a good long-term outlook.

Coconut: Acreage of coconuts is gradually expanding, but there is little serious attempt to improve the industry, primarily because it is felt other tree-crops will provide a better return in the long run.

Trade

Imports: North Borneo imported a little over \$17 million worth of agricultural products in 1958, a 14 percent increase over 1957. Agricultural products accounted for about 40 percent of North Borneo's total imports. About 21 percent of the total imports came from the United Kingdom. The Philippines supplied 13 percent and the United States ranked third, supplying 9 percent of the total imports in 1958.

Fats, oils and oilseeds accounted for 42 percent of the agricultural imports and cereals made up about 26 percent. Of imports from the United States, fruits, nuts and vegetables accounted for 51 percent. Livestock and animal products comprised about 22 percent. In 1958 only 2.9 percent of the total imports from the United States were agricultural; however, in 1957 about 6.2 percent were agricultural. The U.S. share of North Borneo's agricultural imports is slightly less than 1 percent.

Exports: About 56 percent of North Borneo's total exports of \$43 million in 1958 were agricultural. Principal customers were Japan, the United Kingdom and Singapore. The United States ranked seventh in 1958 taking about 3.3 percent of the total exports. Of agricultural exports, the United States took about 4 percent. This was mainly copra, rubber, and manila hemp. Agricultural exports to the United States in 1958 increased 5 times over the previous year.

Sarawak

Agriculture is the principal support for over two-thirds of Sarawak's varied population of 648,000 and contributes over half of the national income. Approximately the size of Mississippi, 6 percent of the area is under settled cultivation and 18 percent is under shifting cultivation. The remainder is in forest.

Sarawak's agricultural potential is more limited than North Borneo's. The soil, in general, is low in fertility and poorly drained in many lowland or coastal areas. The land is best suited to tree-crops, particularly rubber, which thrives on a wide variety of soils. Consequently, both acreage and production of rubber may be expected to expand. Other tree-crops such as coconut and, to a limited extent, fruits are grown satisfactorily. A coconut replanting scheme is being undertaken and should prove fairly successful.

Major crops

Rice: By far the most important crop grown for local consumption is rice, but production is well below population needs. For this reason, the export of rice either as rice or padi (unhulled rice) is prohibited. To encourage production, the Government offers a guaranteed price for padi delivered to Government Purchasing Centers. The period of recession through which Sarawak has been passing is reflected in the sharp drop in the imports of rice from about 48,000 metric tons in 1957 to 39,000 tons in 1958. Total imports, however, still remain substantially higher than those for the 6 years immediately following the war.

Pepper: A few years ago Sarawak supplied about one-third of the world's pepper; however, production has declined substantially in recent years, reaching a 5-year low in 1958. This decline is due to a disease known as "foot-rot" and declining prices. There are no large pepper estates in Sarawak, but the smallholding system is probably the most intensive of any country where pepper is grown.

Sago palm: The sago palm grows well in Sarawak, but producing areas are far inland and transportation is a major problem. Some sago flour is exported; however, it is of poor quality because of the primitive method of processing. Price differential between high quality flour, and that produced now is not sufficient to offset the additional cost of production.

Illipe nut: The Illipe nut in certain years is produced in fairly substantial quantities. It is an oil-bearing seed which grows wild in the jungle. Production varies widely from year to year. Practically all of the nuts are exported with no local processing.

Trade

Imports: Sarawak's total trade is over 3 times that of North Borneo's; however, agricultural imports are about the same and agricultural exports are only slightly higher. About 11 percent of Sarawak's total imports of \$142 million in 1958 were agricultural, with cereals accounting for approximately 44 percent. Most of the imports come from Brunei, the United Kingdom and Singapore. Fruits, nuts and vegetables make up the largest share of imports from the United States.

Exports: Almost 20 percent of the exports are agricultural. Rubber accounted for 29 percent of the \$29 million in agricultural exports in 1958. Other important exports were pepper, sago flour, and coconut oil. A little over 2 percent of Sarawak's agricultural exports are shipped to the United States, and this is mainly rubber.

Brunei

Petroleum has brought a high per capita income to the 80,000 people of Brunei. Crude oil accounts for about 92 percent of Brunei's total exports of \$112 million. Food items make up roughly 15 percent of the total imports of \$36 million. Aside from oil, there is no significant industry. Small quantities of rubber, rice and sago are produced, but agriculture is of little importance to the Brunei economy.

Outlook

In general, agriculture in British Borneo is steadily progressing. Production of rubber, the main cash crop, will probably increase. The amount of increase will depend on the demand for natural rubber in the world market. Oil palm, sago and cocoa production should also increase. Food production is expanding, but at a rate far below the needs of the people. Production of rice, the staple food, is not expected to expand materially in the near future.

The market for U.S. farm products in British Borneo is limited almost entirely to processed foods and a small amount of fresh fruits. A gradual expansion of trade with the United States may be expected, but the normal trade pattern is directed toward nearby and Commonwealth countries.

Table 1 - North Borneo: Imports and exports of agricultural commodities, 1957-58

Category	Imports		Exports	
	1957	1958	1957	1958
	1,000	1,000	1,000	1,000
	U.S. dol.	U.S. dol.	U.S. dol.	U.S. dol.
Livestock and animal products	1,416	1,382	29	23
Cereals and preparations	3,737	4,448	31	49
Fruits, nuts and vegetables	1,131	1,163	68	113
Sugar and preparations	1,258	1,109	14	42
Tobacco, unmanufactured	--	--	927	1,167
Fats, oils and oilseeds	5,687	7,258	7,971	10,656
Rubber	55	43	12,201	10,808
Natural fibers	2	2	1,116	860
Other agricultural products	1,730	1,774	399	332
Total agricultural	15,016	17,179	22,756	24,050
Total all trade	38,357	42,209	39,706	42,850
Percent agricultural of total	39.1	40.7	57.3	56.1

Source: North Borneo Trade Statistics.

Table 2 - North Borneo: Agricultural trade with the United States, 1957-58

Category	Imports		Exports	
	1957	1958	1957	1958
	1,000	1,000	1,000	1,000
	U.S. dol.	U.S. dol.	U.S. dol.	U.S. dol.
Livestock and animal products	15.7	24.1	--	--
Cereals and preparations	15.6	8.5	--	--
Fruits, nuts and vegetables	83.3	56.6	--	--
Sugar and preparations	.1	.2	--	--
Tobacco, unmanufactured	--	--	--	--
Fats, oils and oilseeds	--	--	16.9	491.6
Rubber	--	--	96.6	166.2
Natural fibers	--	--	53.6	281.2
Other agricultural products	19.9	21.5	--	--
Total agricultural trade with U. S.	134.6	110.9	167.1	939.0
Total all trade with U.S.	2,171.1	3,848.5	550.7	1,416.2
Percent agricultural of total trade with U. S.	6.2	2.9	30.3	66.3
U.S. percent of total agricultural trade	.9	.6	.7	3.9

Source: North Borneo Trade Statistics.

Table 3 - Sarawak: Imports and exports of agricultural commodities, 1957-58

Category	Imports		Exports	
	1957	1958	1957	1958
	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.
Livestock and animal products	2,946	2,756	6	75
Cereals and preparations	7,894	6,969	3	5
Fruits, nuts and vegetables	2,054	1,705	751	836
Sugar and preparations	1,862	1,537	3	2
Tobacco, unmanufactured	--	--	--	--
Fats, oils and oilseeds	573	544	319	2,796
Rubber	484	306	24,461	20,406
Natural fibers	3	7	--	--
Other agricultural products	2,169	2,114	5,698	5,028
Total agricultural	17,941	15,932	31,239	29,146
Total all trade	152,237	142,499	152,237	151,164
Percent agricultural of total	11.8	11.2	20.5	19.3

Source: Sarawak Trade Statistics.

Table 4 - Sarawak: Agricultural trade with the United States, 1957-58

Category	Imports		Exports	
	1957	1958	1957	1958
	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.
Livestock and animal products	50.7	65.3	--	--
Cereals and preparations	21.1	18.0	--	--
Fruits, nuts and vegetables	126.5	68.2	.9	.2
Sugar and preparations	1.9	2.2	--	--
Tobacco, unmanufactured	--	--	--	--
Fats, oils and oilseeds	1.7	.8	--	--
Rubber	--	--	316.9	472.1
Natural fibers	--	--	--	--
Other agricultural products	20.8	30.2	458.1	102.0
Total agricultural trade with U.S.	222.7	184.7	775.9	574.3
Total all trade with U.S.	1,516.6	1,135.4	812.6	15,657.0
Percent agricultural of total trade with U.S.	14.7	16.3	95.5	3.7
U.S. percent of total agricultural trade	1.2	1.2	2.5	2.0

Source: Sarawak Trade Statistics.

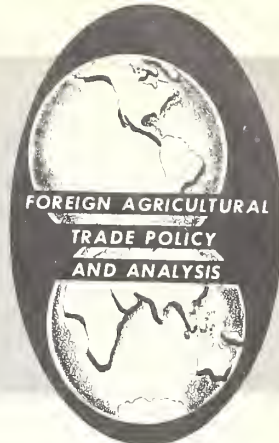
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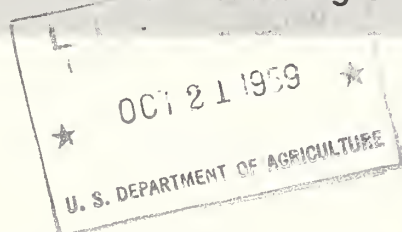
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FATP 27-59
October 14, 1959



U. S. AGRICULTURAL EXPORTS--VALUE BY COUNTRY

FISCAL YEAR 1958-59, WITH COMPARISONS

There has been a general increase in foreign demand for U. S. agricultural products in the past 10 years. The resulting high level of U. S. agricultural exports has reflected expanded shipments to all major world market areas. While markets declined in some countries, the overall reduction was more than balanced by new and expanding markets.

Exports to all major world areas increased from an average of \$3,245 million in the 1950-54 period to an alltime high of \$4,724 million ^{1/} in the year ending June 30, 1957. Even after the decline in exports in the following 2 years, shipments continued to be relatively high. The export value of \$4,002 million in 1958 was 23 percent above the 1950-54 average while that of \$3,721 million in 1959 was 15 percent higher.

With the exception of Africa and Oceania, exports to the individual major world areas also attained record highs in 1957. For Africa and Oceania, export peaks occurred in 1956 and 1958, respectively. After exports to all areas dropped from the record levels, only those to Asia remained markedly above the prerecord level. Exports to the other major world areas in 1959 were at, or near, the prerecord levels.

Exports to all major world areas in the last 5 years of the past decade averaged \$3,817 million annually, 18 percent above the average for the first 5 years. Exports to each area, with the exception of Latin America, were likewise substantially higher in the second half than in the first half. The largest gains were in exports to Oceania and Africa: 40 percent and 30 percent, respectively. Exports to Canada were up 23 percent, those to Europe 21 percent, and those to Asia 15 percent. For Latin America, the increase was only 5 percent.

A sizable share of the decline in the value of U. S. agricultural exports in the past 2 years was due to lower prices, arising in part from competi-

^{1/} All totals are based on unrevised country data and may differ slightly from comparable totals based on revised commodity data.

tive pricing programs. This is indicated by the fact that export value fell 26 percent whereas volume decreased 17 percent. Another important factor was the weakened competitive position of U. S. cotton in world markets--a situation which is being remedied by the increased payment-in-kind rate for cotton exports in the 1959-60 marketing year.

EUROPE Europe 2/ traditionally has been the major foreign outlet for U. S. agricultural commodities. In the past 10 years, it took approximately half of the exports to all areas. It is significant that most countries in Europe have been primarily dollar markets. About a third of U. S. agricultural exports to Europe have moved under Government-financed export programs, such as Public Law 480 and the Mutual Security Program. In recent years, 4 countries--Yugoslavia, Spain, Turkey, and Poland--have taken the bulk of the Government program shipments.

Shipments to Europe fell from \$1,917 million in 1958 to \$1,726 million in 1959. Nevertheless, they were 9 percent ahead of the \$1,578 million average in 1950-54. Most of the reduction was in cotton, partly reflecting the recession in Europe's textile industry and the weakened competitive position of U. S. cotton in world markets. Europe's textile recession was part of its rather mild general 1958 recession, which represented mainly a leveling off of economic activity.

Seven European countries last year took more than \$100 million worth of U. S. farm products. They were the United Kingdom, \$400 million; West Germany, \$274 million; the Netherlands, \$243 million; Spain, \$127 million; Yugoslavia, \$110 million; Italy, \$106 million; and Belgium, \$104 million.

Great expansion in European industrial production since 1951 has strengthened the market in Europe for U. S. farm products. A sign of Europe's economic growth has been its markedly improved international financial position in the past 2 years. Currently, Europe's gold and dollar holdings are at the highest level on record. This improvement resulted last year in nonresident convertibility of sterling and other West European currencies and in some relaxation of restrictions on dollar imports.

ASIA Approximately one-fourth of U. S. agricultural exports have been going to Asia 2/ in the past 10 years. Exports to this area totaled \$993 million in 1959 compared with the average of \$817 million in 1950-54, an increase of 22 percent. In 1957, exports to Asia were at the alltime high of \$1,232 million. About half of recent exports to Asia moved under U. S. Government-financed export programs. These programs, particularly Title I of Public Law 480, have helped meet Asia's increased demand for foodstuffs, especially in India. The Asian demand has increased considerably in recent years with the stepping up of economic development programs and the rapid population increase. Major outlets for U. S. farm products in Asia have been Japan, India, the Korean Republic, the Philippines, Pakistan, Israel, and Taiwan.

2/ Country and area classifications are based on the Bureau of the Census Schedule C classification of countries.

LATIN AMERICA Although Latin America 2/ is predominantly agricultural, it nonetheless requires agricultural imports in many areas in order to sustain its expanding population. In most years, U. S. shipments to Latin America have accounted for about 14 percent of all U. S. exports of farm products. The major exception was 1957 when shipments to this area were down to 11 percent of the total.

U. S. exports to Latin America have averaged \$500 million annually in the past 10 years. They increased from \$422 million in 1955 to \$567 million in 1958 and then fell to \$504 million in 1959. The peak in 1958 was mainly due to substantially larger exports to Mexico to help offset that country's short food supplies following a drought. Exports to Latin America in 1959 were 5 percent above the 1950-54 average of \$480 million.

Latin America has been an important market for food grains, vegetable oils, animal products, vegetables, and fruits. The most important countries--also dollar markets--have been Cuba, Mexico, and Venezuela. They took over one-half of U. S. agricultural exports to Latin America.

CANADA Agricultural exports to Canada 2/ have increased 31 percent since the 1950-54 period and accounted for about 8 to 10 percent of all U. S. farm-product exports. Shipments in 1959 amounted to \$354 million compared with \$270 million in the 1950-54 period. Exports to Canada are dollar sales and are not aided by U. S. Government-financed export programs. Most of the increase in sales to Canada was in fruits and vegetables.

Canada's economy has made spectacular progress in the past decade, and its higher standard of living and expanding population have been important factors in the growth of U. S. exports to that country. Moreover, Canada's proximity to the United States and relative freedom from trade restrictions have made the Canadian market a convenient and dependable foreign outlet.

AFRICA Africa 2/ has taken about 2 percent of U. S. agricultural exports to all areas. Shipments to Africa rose from an average of \$70 million in 1950-54 to \$115 million in 1956, declined to \$74 million in the next 2 years, and then increased to \$101 million in 1959. The increases in 1956 and 1959 were primarily the result of exports to Egypt under U. S. Government-financed programs. Altogether, about a third of the exports to Africa moved under U. S. Government programs. The major African markets have been Egypt, Union of South Africa, and Morocco, which have taken over half of the exports to this region in most of the past 10 years.

OCEANIA While Oceania 2/ has been the smallest area market for U. S. farm products, it has been a relatively strong one in recent years. Shipments to this region increased from an average of \$30 million in 1950-54 to \$42 million in 1959. Exports of cotton and tobacco have accounted for three-fourths of the shipments to Oceania. The largest single outlet in this region has been Australia, which has taken three-fourths of the total during the past 10 years. The other important market has been New Zealand, which has taken between \$5 and \$9 million worth of agricultural products yearly.

2/ See footnote 2, page 2.

U. S. agricultural exports: Value by country of destination, average calendar years 1950-54, annual fiscal years 1955-59

Country	Average		Fiscal years				
	1950-54	1954-55	1955-56	1956-57	1957-58	1958-59	
-----1,000 dollars-----							
Greenland.....	1	46	1	11	0	8	
Canada.....	270,236	302,533	287,362	373,693	345,269	354,297	
Miquelon and St. Pierre Islands.....	16	25	29	21	35	18	
<u>Latin American Republics:</u>							
Mexico.....	81,089	45,669	64,150	76,618	120,269	72,723	
Guatemala.....	6,387	8,236	12,234	8,475	9,235	9,322	
El Salvador.....	4,491	5,658	8,243	5,693	5,335	5,415	
Honduras.....	3,018	4,730	4,145	4,269	3,865	3,892	
Nicaragua.....	1,940	3,028	3,843	3,460	3,587	3,659	
Costa Rica.....	4,813	5,420	7,591	5,546	5,201	5,647	
Panama, Republic of.....	8,708	8,994	8,386	10,680	11,129	9,997	
Cuba.....	146,287	126,872	113,076	133,976	149,560	144,330	
Haiti.....	6,123	8,871	8,112	8,009	7,920	6,924	
Dominican Republic.....	5,002	4,713	4,758	5,704	6,100	5,507	
Colombia.....	25,884	29,445	32,404	24,400	37,699	24,722	
Venezuela.....	70,394	63,429	72,965	76,445	81,898	87,109	
Ecuador.....	5,956	5,452	6,058	5,481	5,696	5,721	
Peru.....	12,027	10,269	16,296	17,182	20,953	19,414	
Bolivia.....	6,226	13,619	17,301	16,038	3,849	1,785	
Chile.....	14,279	11,096	16,045	38,309	18,806	9,885	
Brazil.....	39,239	21,925	40,273	31,971	27,072	37,008	
Paraguay.....	667	460	103	2,624	118	245	
Uruguay.....	2,460	1,629	1,841	6,746	2,209	5,942	
Argentina.....	5,360	10,429	21,301	6,548	1,317	972	
Total L. A. Republics....	450,350	389,944	459,125	488,174	521,818	460,219	
<u>Other Latin America:</u>							
British West Indies.....	10,893	13,274	16,977	24,096	26,373	27,711	
British Honduras.....	802	999	1,128	1,156	1,296	1,283	
French West Indies.....	370	33	80	171	138	180	
Netherlands Antilles.....	8,606	6,962	7,855	8,512	9,430	9,546	
British Guiana.....	985	2,536	2,468	2,423	2,293	2,631	
Surinam.....	1,034	1,284	1,091	1,611	1,321	1,621	
French Guiana.....	40	13	13	71	11	9	
Falkland Islands.....	0	0	0	0	0	0	
Canal Zone.....	6,435	6,774	8,211	6,102	4,012	599	
Total Latin America	479,515	421,819	496,948	532,316	566,692	503,799	
<u>Europe:</u>							
Iceland.....	2,486	2,144	1,977	2,113	3,294	2,905	
Sweden.....	28,237	31,142	29,605	48,818	50,958	35,947	
Norway.....	29,099	35,581	30,713	30,161	24,580	28,040	
Denmark.....	22,863	26,601	42,895	42,652	41,863	47,943	
United Kingdom.....	339,888	379,574	394,740	498,344	438,674	399,580	
Ireland.....	29,021	23,527	24,817	15,258	12,402	16,510	
Netherlands.....	166,666	252,240	251,195	259,229	209,552	243,387	
Belgium and Luxembourg.....	111,188	94,000	134,286	170,221	120,061	104,416	
France.....	128,013	104,353	84,073	142,480	65,395	64,699	

U. S. agricultural exports: Value by country of destination, average calendar years 1950-54, annual fiscal years 1955-59

Country	Average		Fiscal years				
	1950-54 1/	1954-55	1955-56	1956-57	1957-58	1958-59	
-----1,000 dollars-----							
Europe: (Continued)							
West Germany.....	297,509	243,615	270,233	447,257	326,073	273,855	
East Germany 2/.....	422	755	273	247	61	991	
Austria.....	50,156	19,533	35,155	32,520	29,627	13,524	
Czechoslovakia.....	1,536	2,498	80	224	943	342	
Hungary.....	1,096	3,137	519	4,072	891	710	
Switzerland.....	44,408	39,478	39,569	68,753	47,484	31,425	
Finland.....	6,346	5,360	14,041	16,510	9,726	9,406	
Estonia.....	0	0	0	0	0	0	
Latvia.....	0	0	0	0	977	0	
Lithuania.....	0	0	0	0	0	0	
Poland and Danzig.....	1,001	719	1,676	2,698	95,229	58,644	
U. S. S. R.....	22	40	1,332	143	2,268	377	
Azores.....	363	50	150	73	43	181	
Spain.....	46,807	67,092	125,649	153,248	109,860	127,071	
Portugal.....	12,018	7,970	12,220	30,079	10,161	7,193	
Gibraltar.....	51	23	32	43	4	14	
Malta, Gozo, and Cyprus....	1,826	1,277	3,020	1,162	1,144	1,976	
Italy.....	150,469	100,520	111,020	231,541	155,205	105,565	
Trieste.....	5,845	0	3,597	2,332	3,265	1,099	
Yugoslavia.....	59,764	124,631	100,378	128,028	74,544	110,410	
Albania.....	28	0	0	0	0	0	
Greece.....	37,488	35,404	54,939	67,607	24,298	19,586	
Rumania.....	181	221	219	678	595	430	
Bulgaria.....	50	0	0	0	20	548	
Turkey.....	3,503	28,607	28,368	58,459	57,871	19,583	
Total Europe.....	1,578,350	1,630,092	1,796,771	2,454,950	1,917,068	1,726,357	
Asia:							
Syria.....	817	530	981	839	756	513	
Lebanon.....	6,171	11,718	11,626	6,034	4,059	11,164	
Iraq.....	600	611	870	647	1,107	510	
Iran.....	868	3,962	4,900	9,176	4,578	3,687	
Israel.....	32,573	39,832	40,664	48,753	55,432	49,328	
Palestine.....	0	0	2	0	0	0	
Jordan.....	972	1,853	776	874	2,033	4,999	
Kuwait.....	331	761	662	1,004	1,970	2,494	
Saudi Arabia.....	6,623	7,565	6,389	9,402	6,343	6,024	
Other Arabia Peninsula							
States.....	13	153	202	230	215	2,169	
Aden.....	16	27	32	14	29	605	
State of Bahrein.....	380	923	733	921	764	704	
Afghanistan.....	327	45	86	2,136	1,863	2,087	
India.....	160,869	45,064	40,056	204,873	179,186	250,905	
Pakistan.....	19,980	10,034	48,497	92,909	76,498	45,719	
Nepal.....	1	3	0	0	2	0	
Ceylon.....	4,993	1,586	1,578	5,746	10,791	14,851	
Burma.....	395	106	239	3,510	1,298	1,109	
Thailand (Siam).....	5,630	6,091	8,183	8,257	12,484	8,263	
Viet-Nam, Laos, and Cambodia (Indochina)....	5,272	4,808	25,792	36,728	7,637	4/	
Viet-Nam.....	3/	3/	3/	3/	4/ 8,227	22,755	

U. S. agricultural exports: Value by country of destination, average calendar years 1950-54
annual fiscal years 1955-59

Country	Average 1950-54	Fiscal years					
		1954-55	1955-56	1956-57	1957-58	1958-59	
1,000 dollars							
Asia: (Continued)							
Laos.....	3/	3/	3/	3/	4/	149	124
Cambodia.....	3/	3/	3/	3/	4/	763	1,393
British Malaya.....	4,058	3,436	4,832	4,605	2,759	4/	
Federation of Malaya.....	5/	5/	5/	5/	4/	604	1,164
Singapore, Colony of.....	5/	5/	5/	5/	4/	1,940	2,991
Indonesia, Republic of.....	21,412	10,656	12,695	62,509	11,545		9,542
Philippines, Republic of...	54,520	58,435	54,723	58,128	66,140		68,500
Macao (Macau).....	28	59	31	5	93		8
Portuguese Asia.....	354	388	299	118	66		41
Other Southern and Southeastern Asia.....	24	0	15	1	8		38
China (incl. Manchuria)....	6/ 7,453	0	0	0	0		0
Outer Mongolia.....	0	0	0	0	0		0
North Korea.....	0	0	0	0	0		0
Korea, Republic of.....	42,379	49,529	49,451	128,583	105,514		80,857
Hong Kong.....	14,418	13,372	17,774	27,483	27,201		25,704
Taiwan (Formosa).....	28,994	56,336	51,839	56,413	45,419		52,094
Japan.....	396,463	341,506	371,607	457,914	409,124		317,711
Nansei and Nanpo Islands...	7/ 369	2,336	3,359	3,848	4,433		5,250
Total Asia.....	817,303	671,725	758,893	1,231,690	1,051,030		993,303
Australia and Oceania:							
Australia.....	24,141	34,073	29,678	34,985	39,391		32,117
New Guinea (Australian)....	18	1	2	29	34		75
New Zealand.....	5,602	7,222	6,787	6,655	7,556		8,536
British Western Pacific Islands.....	1	3	52	40	49		100
French Pacific Islands.....	406	257	295	315	365		286
Trust Territory of the Pacific Islands.....	249	436	742	1,049	1,061		988
Total Australia and Oceania.....	30,417	41,992	37,556	43,073	48,456		42,102
Africa:							
Morocco.....	4,819	6,136	7,625	9,371	15,141		10,279
Algeria.....	4,011	991	4,644	5,503	664		3,286
Tunisia.....	654	248	1,382	6,814	2,998		5,371
Libya.....	267	2,711	1,918	2,977	1,014		1,359
Egypt.....	22,218	27,704	55,323	13,991	12,258		35,620
Sudan.....	8	230	265	20	4		41
Canary Islands.....	2,548	1,563	4,839	2,045	1,768		2,417
Other Spanish Africa.....	271	380	1,127	2,015	199		118
Cameroon.....	284	389	305	318	291		278
French Equatorial Africa...	97	37	49	74	102		75
French West Africa.....	635	933	3,545	6,064	1,491		4,093
Ghana.....	4,164	4,173	4,333	5,279	5,387		5,894
Nigeria.....	4,841	6,292	6,951	7,004	8,084		7,625
Other British West Africa..	404	400	454	716	705		575

U. S. agricultural exports: Value by country of destination, average calendar years 1950-54
annual fiscal years 1955-59

Country	Average 1950-54 1/	Fiscal years				
		1954-55	1955-56	1956-57	1957-58	1958-59
1,000 dollars						
Africa: (Continued)						
Madeira Islands.....	814	268	236	736	167	201
Angola.....	1,031	1,525	1,706	1,220	596	1,010
Other Western						
Portuguese Africa.....	242	78	73	58	44	57
Liberia.....	1,263	1,936	2,687	2,766	2,997	3,386
Belgian Congo.....	3,290	3,334	4,058	5,047	5,094	3,758
Somaliland (Italian Admin.)..	4	2	9	23	93	21
Ethiopia.....	1,173	1,722	609	509	188	1,642
French Somaliland.....	97	214	180	211	114	395
British Somaliland.....	0	0	2	4	23	15
Seychalles and Dependencies..	1	1	0	0	3	26
Mauritius and Dependencies...	69	88	115	92	44	67
British East Africa.....	1,607	1,459	833	637	399	303
Mozambique.....	969	112	529	191	1,163	1,563
Madagascar.....	12	254	39	53	1	44
Union of South Africa.....	13,246	12,138	10,755	12,707	11,405	11,265
Federation of Rhodesia and Nyasaland 8/.....	469	729	457	1,572	1,326	298
Southern British Africa.....	0	0	0	0	0	0
Total Africa.....	69,504	76,047	115,048	88,017	73,763	101,082
Total all countries.....	3,245,342	3,144,279	3,492,608	4,723,771	4,002,313	3,720,966

- 1/ Calendar year average.
- 2/ Average of 1952-54; not separately shown prior to 1952.
- 3/ Included with Viet-Nam, Laos and Cambodia (Indochina).
- 4/ Separately shown beginning January 1, 1958.
- 5/ Included with British Malaya.
- 6/ Average of 1950 only.
- 7/ Average of 1954 only, prior years included with Japan.
- 8/ Separately shown prior to July 1, 1954.

Sources: (1) Averages for 1950-54 compiled from Bureau of the Census Report No. FT 410, United States Exports of Domestic and Foreign Merchandise, Commodity by Country of Destination, Calendar Years 1950 and 1951 and Report No. FT 420, United States Exports of Domestic and Foreign Merchandise, Country of Destination by Subgroup, Calendar Years 1950 and 1951; Foreign Agricultural Trade--United States Foreign Trade in Agricultural Products--Value by Countries, Calendar Years 1952 and 1953; and Foreign Agricultural Trade of the United States--Trade by Countries, Calendar Year 1954. (2) Fiscal year 1954-55 compiled from Foreign Agricultural Trade of the United States--Trade by Countries, Calendar Year 1954; Bureau of the Census Report No. EQ 632, January-June 1954 and 1955. (3) Fiscal years 1955-56 through 1957-58 compiled from Foreign Agricultural Trade of the United States--Trade by Countries. (4) Fiscal year 1958-59: Bureau of the Census Special Monthly Report No. FT 8527. Totals used for "all countries" in this circular have not been revised since original publication and hence may differ slightly from revised totals for "all commodities" shown in other reports.

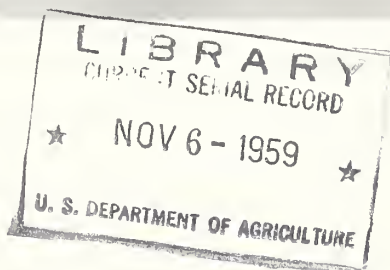
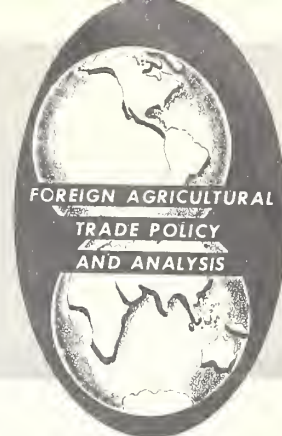
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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP-28-59
October 21, 1959

DOLLAR SHORTAGE ENDED IN INDUSTRIALIZED COUNTRIES

The gold and dollar assets (public and private) of foreign countries ^{1/} amounted to \$35.5 billion on June 30, 1959. This is an increase of \$1.9 billion since the end of 1958 and a \$3.9 billion increase over a year ago.

In addition, the International Institutions gained \$1.8 billion in the first half of 1959. This largely reflects gold subscription payments by member countries against their increased International Monetary Fund (IMF) quotas. The United States transferred to the IMF \$344 million in gold and \$1,031 million in the form of dollar assets.

Led by Italy and France, most of the gain in 1959 again accrued to the industrialized countries of Western Europe, Canada, and Japan. The holdings of the newly-developing countries increased slightly. In view of the import needs of their development programs, it is expected that most of their exchange earnings and borrowings will be spent, so that increase in their reserves will continue to be slight.

:
: In addition to the current information contained:
: in this circular, tables showing the gold and :
: dollar assets of foreign countries since 1949 :
: will be found on pages 7 and 8. :
:

^{1/} Excludes gold holdings of Soviet Bloc.

U. S. Agricultural Export Outlook

In the more advanced countries which are the larger U. S. commercial markets, the elimination of the so-called dollar shortage and the greater freedom in trade and payments given to importers will result in keener competition. A number of these countries continue to discriminate against dollar imports, however, thus impairing the competitiveness of U. S. farm products. This practice is steadily declining, especially since the advent of nonresident convertibility in December 1958.

In most of the newly-developing countries U. S. agricultural export opportunities are still limited. The most important limiting factor is lack of sufficient foreign exchange earnings to buy both capital goods for development purposes and consumer items. In view of this situation many of these countries have met their imported food needs through Public Law 480 purchases for local currency.

U. S. Balance of Payments

The U. S. balance of payments deficit (foreign countries net dollar receipts) during the second quarter (April-June) 1959 amounted to about \$1,162 million (non-adjusted). For the period January-June 1959 the deficit totaled about \$2.0 billion. This amount does not include the \$1,375 million transferred to the IMF to raise the U. S. capital contribution by 50 percent.

Net dollar receipts of foreign countries reflected a relatively greater rise in U. S. merchandise imports and a smaller rise in merchandise exports. Adjusted imports during the second quarter were at an annual rate of \$15.7 billion, by far the highest rate ever reached, and slightly in excess of adjusted merchandise exports of \$15.6 billion annually.

The major increases in U. S. imports were wood products, newsprint, some metals, and manufactures, such as automobiles. About half of the rise in U. S. exports was in agricultural products, mainly foodstuffs, and about one-third in finished manufactures.

Renewed outflow of U. S. private capital since March also contributed to the dollar receipts of foreign countries. Latin America received a significant increase, while the outflow to Western Europe was at about the same rate as in the first quarter of 1959. The amount of U. S. Government spending and lending changed very little.

United States: Balance of payments with foreign countries first and second quarter 1959 1/ (non-adjusted)

	1st Qtr. 1959	2nd Qtr. 1959
	--Million dollars--	
Dollars paid by foreign countries		
U. S. exports of goods and services		
Merchandise	3,798	4,069
Services and other transactions	1,583	1,732
Foreign long-term investment in U. S.	75	165
Errors, omissions and unaccounted (net)	<u>217</u>	<u>297</u>
Total payments	5,673	6,263
Dollars received by foreign countries		
U. S. imports of goods and services		
Merchandise	3,604	3,885
Services and other transactions	1,203	1,444
Private capital outflow (net)	383	611
U. S. Government spending		
U. S. military expenditures	801	821
Economic grants and loans	<u>522</u>	<u>664</u> <u>2/</u>
Total receipts	6,513	7,425
Resulting increase in foreign gold and liquid dollar assets	+ 840	+ 1,162

1/ Excludes military grant aid.

2/ Excludes IMF payments of \$1,375 million.

Country Highlights

Developments in a number of countries during the first half of 1959 are significant because of the magnitude of the changes, or because of the importance of the countries as markets for U. S. farm products.

Estimated Gold Reserves and Dollar Holdings of Foreign Countries and International Institutions

Area and country	June 30 1958	Sept. 30 1958	Dec. 31 1958	Mar. 31 1959	June 30 1959	Change since Dec. 31, 1958
<u>Million U.S. Dollars</u>						
Continental Western Europe:						
Austria	473	561	612	636	653	41
Belgium-Luxembourg (& Belgian Congo)	1,397	1,477	1,528	1,495	1,517	- 11
Denmark	151	199	206	212	185	- 21
Finland	87	103	105	114	106	1
France (& dependencies) ^{1/}	916	1,030	1,146	1,258	1,615	469
Germany (Federal Republic of)	4,055	4,343	4,407	4,078	4,179	- 228
Greece	135	125	139	151	166	27
Italy	1,682	1,935	2,209	2,423	2,630	421
Netherlands (& Netherlands West Indies & Surinan)	1,302	1,402	1,512	1,631	1,649	137
Norway	240	241	293	276	288	- 5
Portugal	678	694	707	728	711	4
Spain	135	137	97	91	95	- 2
Sweden	462	499	517	529	586	69
Switzerland	2,772	2,821	2,853	2,861	2,869	16
Turkey	156	154	164	164	165	1
Other ^{2/}	1,136	1,171	1,373	1,357	1,535	162
Total	15,777	16,892	17,868	18,004	18,949	1,081
Sterling Area:						
United Kingdom	4,030	4,067	3,919	4,109	4,108	189
United Kingdom dependencies	105	104	113	114	109	- 4
Australia	222	228	241	246	226	- 15
India	329	321	324	337	346	22
Union of South Africa	184	217	242	222	238	- 4
Other	265	274	294	299	245	- 49
Total	5,135	5,211	5,133	5,327	5,272	139
Canada	3,423	3,368	3,438	3,503	3,537	99
Latin America:						
Argentina	265	245	203	233	259	56
Brazil	451	459	464	505	481	17
Chile	127	125	140	135	170	30
Colombia	192	207	241	262	275	34
Cuba	503	495	452	429	409	- 43
Guatemala	91	75	69	70	69	0
Mexico	488	520	565	546	552	- 13
Panama	141	149	148	158	147	- 1
Peru	93	92	96	93	96	0
Uruguay	260	262	262	276	269	7
Venezuela	1,462	1,235	1,215	1,229	1,221	6
Other	316	284	259	305	329	70
Total	4,389	4,148	4,114	4,241	4,277	163
Asia:						
Indonesia	127	129	145	157	119	- 26
Iran	202	181	184	195	179	- 5
Japan	933	1,019	1,095	1,227	1,376	281
Philippines	180	194	189	183	181	- 8
Thailand	261	253	246	251	247	1
Other	772	730	785	831	944	159
Total	2,475	2,506	2,644	2,844	3,046	402
All Other:						
Egypt ^{3/}	192	192	190	190	190	0
Other	159	144	148	159	182	34
Total	351	336	338	349	372	34
Total Foreign Countries ^{4/}	31,550	32,461	33,535	34,268	35,453	1,918
International Institutions ^{5/}	3,142	3,252	3,371	3,550	5,188	1,817
Grand Total ^{4/}	34,692	35,713	36,906	37,818	40,641	3,735

^{1/} Excludes gold holdings of French Exchange Stabilization Fund.

^{2/} Includes Yugoslavia, Bank for International Settlements (including European Payments Union account through December 1958 and European Fund account thereafter), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

^{3/} Part of the United Arab Republic since February 1958.

^{4/} Excludes gold reserves of the U.S.S.R., other Eastern European countries and China Mainland.

^{5/} Represents International Bank for Reconstruction and Development, International Monetary Fund, United Nations and others.

Note -- Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. U. S. Government bonds and notes, included in above figures, represent estimated holdings with original maturities of more than one year.

Source: Federal Reserve Board

Continental Western Europe

West Germany's gold and dollar assets declined \$228 million in the first half of 1959. This drop reflects mainly large capital exports, including short-term capital exports by German commercial banks. Its trade surplus, though still large, was down from its peak in 1958. The trade surplus decline, the first in several years, was due to a sharp increase in imports.

Italy increased its gold and dollar assets \$421 million to reach a new high of \$2.6 billion on June 30. This remarkable rise was due to a reduced trade deficit, a continued net surplus in invisibles and, more important, a rise in the net inflow of investment capital.

France gained \$469 million in gold and dollar assets. Reserves now total \$1.6 billion, still about \$500 million below its holdings at the end of 1955. This continued recovery is the result of a return of capital and, lately, a much improved trade balance. Since its devaluation in December 1958, the franc has held fairly close to the par value of 493.7 francs per U. S. dollar.

The gold and dollar holdings of the Netherlands increased \$137 million, most of which accrued in the first 2 months of 1959. Reserves have since remained fairly stable, as a result of capital outflow.

Austria's financial position continued to strengthen because of increased exports and larger tourist receipts.

Switzerland's large gold and dollar holdings have remained fairly stable over the past year. This stability reflects near balance between a large goods and services surplus and a capital outflow.

Sterling Area

During the first half of 1959, the United Kingdom added \$189 million to its gold and dollar holdings. This gain would have been substantially larger except for 2 transfers of over \$362 million to the IMF. The United Kingdom's increased exports, particularly to the United States and Canada, are a major reason for the large balance of payments surplus.

Australia's official foreign exchange reserves (mostly sterling) increased \$64 million, which more than offset a gold transfer of \$25 million to IMF.

New Zealand has recovered its earlier foreign exchange losses. In view of improved reserve positions and a favorable outlook for exports, both Australia and New Zealand recently liberalized some trade with the dollar area.

Asia

Japan's gold and dollar assets increased in the first half of 1959 by \$281 million. Reserves at the end of that period amounted to \$1.4 billion, a new high for that country. A large part of this improvement is due to a continued favorable trade balance, led by the export of ships and manufactured items.

Latin America

Argentina's gold and dollar assets increased \$56 million during the first half of 1959, due mainly to severe restrictions on imports and a consequent reduction in stocks of raw material. The result was a favorable trade balance of \$127 million. The payments situation was also assisted by borrowings on the stabilization credits obtained in December 1958.

A steady recovery in Chile's finances has boosted that country's gold and dollar assets \$30 million in 1959 to the highest level of recent years. The production of copper, which supplies about 60 percent of export income, is up substantially over a year ago, but prices are still depressed. The new government has had to rely heavily on credits from abroad to help stabilize the economy.

Colombia's holdings of gold and dollar assets showed significant improvement during the first half of the year, rising by \$34 million to the current level of \$275 million. This is the highest level since 1954 and reflects in part the positive results of Colombia's stabilization policy, together with a larger volume of coffee exports and the strength in coffee prices.

The rather sharp decline of \$43 million in Cuba's gold and dollar assets represents the only important exception to an otherwise positive Latin American trend during the first 6 months of 1959.

Mexico experienced a much smaller decline proportionately during this same period, amounting to about \$13 million. Panama was the only other loser of assets in the area, losing around 1 million.

The Latin American area in total has added \$163 million in gold and dollar assets since December 31, 1958. This is in large part the result of seasonal trade movements, however, and does not necessarily imply any substantial improvement in the basic economic conditions of the area. A comparison of current assets with those of a year ago still reflects a decrease in holdings.

Estimated Gold and Dollar Assets of Foreign Countries as of Dec. 31

Area and Country	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
----- Million U.S. dollars -----										
Continental Western Europe										
Austria	92	110	113	149	246	341	332	377	460	612
Belgium-Luxembourg (& Belgian Congo)	912	860	907	1,041	1,107	1,054	1,211	1,239	1,192	1,528
Denmark	75	80	80	105	133	109	98	102	149	206
Finland	31	30	53	55	65	75	89	93	104	105
France (& dependencies) 1/	757	1,051	1,107	1,175	1,207	1,489	2,137	1,512	955	1,146
Germany (Federal Republic of)	149	222	434	691	1,225	1,999	2,382	3,343	4,113	4,407
Greece	36	36	49	57	112	124	187	187	167	139
Italy	564	580	613	665	821	935	1,139	1,270	1,533	2,209
Netherlands (& Netherlands West Indies & Surinam)	424	567	531	824	1,062	1,123	1,144	1,080	1,058	1,512
Norway	127	137	154	170	176	154	177	204	243	293
Portugal (& dependencies)	234	257	331	374	469	560	601	628	651	707
Spain (& dependencies)	132	136	132	134	153	191	224	179	129	97
Sweden	161	206	225	276	336	407	429	483	484	517
Switzerland	2,067	2,081	2,016	2,099	2,174	2,223	2,398	2,643	2,813	2,853
Turkey	164	164	165	151	157	152	153	164	162	164
Other 2/	355	704	480	717	891	951	882	929	863	1,373
Total	6,280	7,221	7,420	8,683	10,334	11,887	13,583	14,433	15,076	17,868
Sterling Area										
United Kingdom	2,027	3,689	2,948	2,514	3,241	3,406	2,882	3,015	3,080	3,919
United Kingdom dependencies	106	123	104	118	112	107	92	107	108	113
Australia						186	219	191	211	241
India	312	305	310	313	347	335	321	324	330	324
Union of South Africa	134	241	197	195	215	233	266	278	256	242
Other	259	242	328	350	376	181	217	242	262	294
Total	2,838	4,600	3,887	3,490	4,291	4,448	3,997	4,157	4,247	5,133
Canada	1,526	2,143	2,257	2,627	2,519	2,709	2,610	2,996	3,180	3,438
Latin America:										
Argentina	418	518	519	428	503	531	509	370	263	203
Bolivia	37	43	51	45	40	32	26	--	--	--
Brazil	510	543	418	392	425	444	468	550	457	464
Chile	101	120	99	121	122	113	139	138	116	140
Colombia	138	127	154	194	236	308	217	210	215	241
Cuba	463	555	603	543	570	547	558	514	525	452
Dominican Republic	41	49	60	58	51	72	77	--	--	--
Guatemala	53	54	56	63	65	62	72	91	92	69
Mexico	270	417	371	380	345	395	560	604	569	565
Panama, Republic of	86	74	82	89	91	75	87	110	137	148
Peru	82	91	93	107	104	118	127	119	88	96
El Salvador	45	50	54	55	56	59	52	--	--	--
Uruguay	236	312	308	302	338	318	282	260	236	262
Venezuela	517	458	446	521	597	600	671	1,061	1,556	1,215
Other	81	94	105	134	135	145	139	286	290	259
Total	3,078	3,505	3,419	3,432	3,678	3,819	3,984	4,313	4,544	4,114
Asia:										
Indonesia	194	324	421	296	184	181	270	231	190	145
Iran	157	160	163	157	181	169	175	158	193	184
Japan	393	589	731	931	953	854	1,033	1,149	716	1,095
Philippine Republic	316	396	356	332	312	272	274	300	186	189
Thailand	143	166	210	294	281	236	251	261	270	246
Others	347	263	331	366	408	528	651	713	785	785
Total	1,550	1,898	2,212	2,376	2,319	2,240	2,654	2,812	2,340	2,644
Eastern Europe	380	344	315	313	312	315	315	--	--	--
All Other:										
Egypt 3/	115	173	285	234	217	221	246	238	228	190
Other	26	30	45	52	69	68	80	137	169	148
Total	141	203	330	286	286	289	326	375	397	338
Total Foreign Countries 4/	15,793	19,914	19,840	21,207	23,739	25,707	27,469	29,086	29,784	33,535
International Institutions 5/	3,271	3,293	3,432	3,547	3,616	3,863	4,010	3,535	2,919	3,371
Total 4/	19,064	23,207	23,272	24,754	27,355	29,570	31,479	32,621	32,703	36,906

1/ Excludes gold holdings of French Exchange Stabilization Fund.

2/ Includes Yugoslavia, Bank for International Settlements (including European Payments Union account through December 1958 and European Fund account thereafter), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

3/ Part of the United Arab Republic since February 1958.

4/ Excludes gold reserves of the U.S.S.R., other Eastern European countries and China Mainland.

5/ Represents International Bank for Reconstruction and Development, International Monetary Fund, United Nations and others.

Note -- Gold and short-term dollars include reported and estimated official gold reserves, and total dollar holdings. U. S. Government bonds and notes, included in above figures, represent estimated holdings with original maturities of more than one year.

Source: Federal Reserve Board

Estimated Gold and Dollar Assets of Foreign Countries as of June 30

Area and Country	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959 ^p
----- Million U.S. dollars -----										
Continental Western Europe:										
Austria	99	105	108	172	300	337	322	384	473	653
Belgium-Luxembourg (& Belgian Congo)	876	855	977	1,050	1,065	1,121	1,233	1,144	1,397	1,517
Denmark	72	80	69	107	131	91	105	98	151	185
Finland	26	43	47	60	76	74	87	99	87	106
France (& dependencies) ^{1/}	803	1,095	1,114	1,134	1,249	1,557	1,760	1,005	916	1,615
Germany (Federal Republic of)	228	357	545	893	1,503	2,158	2,753	3,733	4,055	4,179
Greece	44	43	51	82	125	138	176	177	135	166
Italy	545	542	623	670	611	994	1,216	1,325	1,682	2,630
Netherlands (& Netherlands West Indies & Surinam)	519	503	610	961	1,131	1,113	1,168	1,044	1,302	1,649
Norway	125	143	149	168	183	152	173	219	240	288
Portugal (& dependencies)	228	282	342	413	516	571	602	622	678	711
Spain (& dependencies)	125	133	133	137	145	228	209	145	135	95
Sweden	165	229	282	281	343	383	426	499	462	586
Switzerland	2,204	2,015	2,051	2,136	2,141	2,212	2,424	2,574	2,772	2,869
Turkey	162	162	171	152	151	156	151	158	156	165
Other ^{2/}	437	655	668	798	1,008	1,246	1,118	1,200	1,136	1,535
Total	6,678	7,262	7,940	9,214	10,878	12,831	13,923	14,396	15,777	18,949
Sterling Area:										
United Kingdom	2,782	4,266	2,343	3,098	3,775	3,419	3,128	3,158	4,030	4,108
United Kingdom dependencies	131	98	108	114	110	106	86	100	105	109
Australia	107					204	243	191	222	226
India	300	328	307	335	339	345	330	324	329	346
Union of South Africa	192	227	159	213	226	243	246	295	184	238
Other	119	262	353	373	376	187	215	255	265	245
Total	3,631	5,181	3,270	4,133	4,826	4,504	4,248	4,323	5,135	5,272
Canada	1,679	2,113	2,513	2,369	2,565	2,643	2,756	3,169	3,423	3,537
Latin America:										
Argentina	454	632	446	521	548	528	476	345	265	259
Bolivia	37	48	47	47	36	28	25	--	--	--
Brazil	442	530	399	453	419	444	542	468	451	481
Chile	102	115	96	129	104	137	148	132	127	170
Colombia	122	125	138	197	317	188	224	263	192	275
Cuba	540	637	663	608	612	580	566	560	503	409
Dominican Republic	49	61	64	59	68	83	81	--	--	--
Guatemala	54	59	67	74	75	78	93	97	91	69
Mexico	227	332	270	344	264	423	527	508	488	552
Panama, Republic of	88	73	82	102	88	86	95	136	144	147
Peru	79	101	103	109	103	118	115	110	93	96
El Salvador	58	77	67	74	75	79	73	--	--	--
Uruguay	255	357	310	313	336	292	284	249	260	269
Venezuela	491	450	505	532	624	667	737	1,452	1,462	1,221
Other	79	114	128	162	150	150	168	354	316	329
Total	3,077	3,711	3,355	3,724	3,619	3,881	4,154	4,674	4,389	4,277
Asia:										
Indonesia	220	380	456	246	140	211	171	168	127	119
Iran	155	165	159	155	172	190	169	173	202	179
Japan	469	473	851	1,017	743	887	1,171	756	933	1,376
Philippine Republic	313	429	356	324	315	269	306	249	180	181
Thailand	148	181	240	311	243	244	254	280	261	247
Others	299	335	316	369	450	605	699	774	772	944
Total	1,604	1,953	2,378	2,422	2,063	2,406	2,770	2,400	2,475	3,046
Eastern Europe	383	326	313	312	315	318	300	--	--	--
All Other:										
Egypt ^{3/}	141	232	292	229	226	224	236	246	192	190
Other	36	38	39	63	67	85	140	182	159	182
Total	177	270	331	292	293	309	376	428	351	372
Total Foreign Countries ^{4/}	17,229	20,806	20,100	22,466	24,759	26,592	28,527	29,390	31,550	35,453
International Institutions ^{5/}	n.p.	3,348	3,408	3,538	3,670	3,916	4,067	3,086	3,142	5,188
Total ^{4/}		24,154	23,508	26,004	28,429	30,508	32,594	32,476	34,692	40,641

p. Preliminary

^{1/} Excludes gold holdings of French Exchange Stabilization Fund.

^{2/} Includes Yugoslavia, Bank for International Settlements (including European Payments Union account through December 1958 and European Fund account thereafter), gold to be distributed by the Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

^{3/} Part of the United Arab Republic since February 1958.

^{4/} Excludes gold reserves of the U.S.S.R., other Eastern European countries and China Mainland.

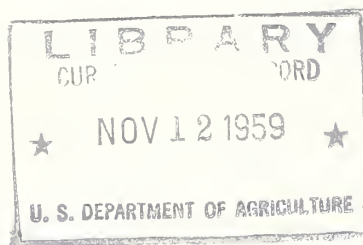
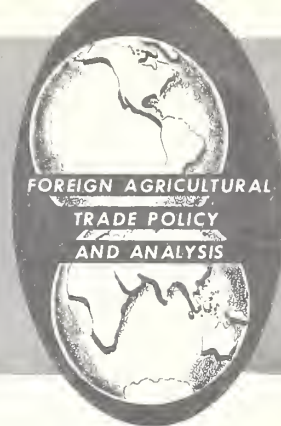
^{5/} Represents International Bank for Reconstruction and Development, International Monetary Fund, United Nations and others.

Note -- Gold and short-term dollars include reported and estimated official gold reserves and total dollar holdings. U. S. Government bonds and notes, included in above figures, represent estimated holdings with original maturities of more than one year.

Source: Federal Reserve Board

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



F A T P 29-59
November 5, 1959

CHILE'S AGRICULTURAL AND TRADE POLICIES

Summary

During 1958, the new Chilean Government continued to strengthen policies aimed at self-sufficiency of agricultural production and expansion of agricultural trade. As the year ended, the economy strengthened under the influence of new exchange and monetary reforms and a rise in world copper prices. Copper and industrial output halted a 2-year downward trend in early months of 1959 and foreign exchange reserves moved to the highest level since 1950.

Agriculture benefited from higher prices during 1958, as Chile continued to relax restrictions upon domestic and export trade. Domestic inflation and balance-of-payment difficulties led the government to modify exchange and monetary policies to improve the country's trade balance and encourage more productive use of domestic credit. The country's agricultural development program--which emphasizes improvements in transportation, irrigation, and technical services available to farmers--was also carried forward.

During 1958, record agricultural output provided increased supplies for consumption and export and permitted a reduction in imports of some agricultural products. The deficit in foreign agricultural trade, which has constituted a serious drain upon Chile's foreign exchange resources, was the smallest since 1953. Agricultural output is expected to be smaller in 1959 due to storms and unfavorable weather. However, the foreign agricultural trade deficit may still be less than the peak reached in 1955 and 1956.

Preliminary estimates indicate that agricultural products (including forest and fishery) accounted, in value, for about 12 percent of total exports and 20 percent of total imports during 1958. Wool, pulses, fruits, and vegetables continued as important agricultural exports, along with sheep-skin and meat produced in Chile's southern provinces. Sugar, cotton, coffee, tea, cattle, and meat were Chile's leading agricultural imports.

Table 1.- CHILE: Trade in specified agricultural commodities, mining, and total trade, 1957 and 1958

Commodity	Imports		Exports	
	1957	1958	1957	1958
	1,000	1,000	1,000	1,000
	dol.	dol.	dol.	dol.
Live animals.....	6,468	6,270	263	219
Meat.....	1,330	816	1,052	818
Animal fat.....	1,803	2,445	--	--
Wool.....	2,611	560	12,874	8,197
Hides and skins.....	1,073	1,305	2,042	725
Dairy products.....	2,460	9,393	--	--
Grains and flours.....	977	5,204	597	856
Pulses.....	26	32	5,964	7,255
Fruits and vegetables.....	1,354	1,461	4,897	6,317
Vegetable oil and oilseed....	9,575	7,660	12	42
Raw sugar.....	24,056	18,083	--	--
Beverages.....	16,265	21,043	--	--
Vegetable fibers.....	18,357	12,197	--	--
Tobacco.....	540	548	--	--
Other.....	7,059	7,756	12,827	17,921
Total agricultural, forestry and fishery.....	93,954	94,773	40,528	42,350
Mining.....	30,633	26,795	392,012	313,908
Other.....	316,775	292,904	25,658	31,923
Total trade.....	441,362	414,472	458,198	388,181

Chilean Custom Statistics.

The United States is important in total Chilean trade but agricultural trade is limited by the competitive nature of production in the two countries. U.S. purchases -- mainly fruit, vegetables, wool, and animal products -- accounted for only 10 percent of Chilean farm exports in 1958. According to Chilean sources, agricultural imports from the United States remained at about \$28 million and constituted about 30 percent of the total.

Chilean agricultural imports from the United States may increase during 1959. However, Argentina and other South American countries are generally favored as sources of supply for needed farm imports under present trade policies.

Regulation of Foreign Trade

The primary objectives of Chilean foreign trade controls are to conserve limited supplies of foreign exchange and to assure an adequate domestic supply of agricultural and other needed products. The present system, initiated in 1956, attempts to achieve those objectives through a free exchange system, advanced exchange deposits on imports, tariffs, and export quotas.

Chile continued to remove quantitative and other restrictions upon foreign trade, with particular emphasis on exports. Important reforms in exchange and deposit regulations were initiated by the new government in an effort to improve the country's trade balance, increase foreign exchange reserves, and to relieve heavy pressure upon domestic bank credit. As the year ended there were strong indications that Chile would rely, to a greater extent, upon the exchange rate and tariff to regulate import trade.

In early 1958, the government freed all Chilean exports except mining products from customs duties and taxes. Chile's export duties, assessed in gold pesos, had been subject to a high surcharge used to compensate for exchange depreciation of Chilean currency. This action was followed by reduction in port charges which had previously imposed a heavy restriction upon exports. Free exportation was also authorized for a list of 47 commodities formerly under prohibition or subject to quotas, including dry beans, oats, and deciduous fruits.

A decree of February 1958 established a free trade zone in Chile's 3 northern provinces to permit custom-free entry into that area of live animals, fresh fruits and vegetables, grain, edible fats and oils, tea, and many livestock and dairy products in which Chile is not self-sufficient. Under the decree, other food products were permitted free import, under quota, for specified periods subject to approval of an appointed commission. The decree represents an attempt to improve supplies and reduce the cost of food in the northern areas where production is limited and domestic products are expensive because of high transportation costs from Chile's principal agricultural region.

In December 1958, the new government initiated the first major reforms in exchange and monetary policy since the establishment of an economic stabilization program in 1956. New regulations effectively consolidated Chile's "free banking" and "brokers exchange" markets and permitted a substantial depreciation in the exchange value of the Chilean peso - now about an equivalent of 1,053 pesos per U.S. dollar. To relieve pressure upon bank credit, importers were permitted to substitute dollars and short-term dollar obligations issued by the Chilean treasury for Chilean pesos previously required to cover advanced deposits on imports. In recent months nearly all commodities on the prohibited list or requiring special permits were freed for import. However, in most cases, they were subjected to a prohibitive advanced exchange deposit of 5,000 percent.

The system of exchange deposits remains an important restriction upon many Chilean imports. The amount and time of deposit are based upon economic need as determined by the Chilean Foreign Exchange Commission. For most important agricultural products, Chilean importers must place with the Central Bank, 90 days prior to importation, import deposits of 100 to 200 percent of c.i.f. value. Important exceptions are: 90-day deposits of 5 percent for raw sugar; 30-day deposits of 100 percent for wheat, raw cotton, and coffee beans; near prohibitive 90-day deposits of 5,000 percent which apply to such products as refined and semi-refined vegetable oils, wheat flour, tobacco, pork, and condensed milk (see table 2).

The Chilean Congress granted the President broad economic powers in April 1959 including revision of tariffs and other import restrictions. Under those powers, import deposits were converted to duty surcharges for several commodity groups. They include the following agricultural commodities (stated in percent of c.i.f. value): plant materials for scientific use, vegetable oilseeds (20); race horses and refined white sugar (50); poultry and eggs, fresh fruits and vegetables, flax fiber, pork, fresh and condensed milk, refined and semi-refined vegetable oils, wheat flour (200). A similar conversion is contemplated for commodities remaining under deposit regulations until a new schedule of tariff duties is completed.

The present Chilean tariff imposes a specific duty upon most imports, based upon weight and an ad valorem import excise tax based upon duty paid value. Specific duties are currently stated in gold pesos (fixed at 4.85 gold pesos = U.S. dollar). The duty is converted to current peso value using a factor calculated by dividing the free peso by the fixed gold peso rate. At present exchange rates, the conversion factor is $1,053 \div 4.85$.

The pattern of Chile's agricultural imports is affected by some exceptions in application of deposits and tariffs. They do not apply to purchases by the Instituto Nacional de Comercio, which is still the sole importer of wheat and frozen meat. Likewise, the system of import deposits does not apply to purchases from countries with which Chile maintains bilateral

trade agreements (Argentina, Bolivia, Brazil, Ecuador, France, West Germany, Italy, Spain, Yugoslavia). Similarly, they do not apply to payments under terms of nitrate agreements with Denmark, Egypt, Netherlands, Portugal, and Sweden, which are made in accordance with method and currency specified under each agreement. Imports under Surplus Agricultural Agreements with the United States are also exempt from the import deposit requirements.

The Chilean Government has indicated considerable interest in intensifying trade under a multilateral program with neighboring Latin American countries and has made a study of those possibilities in cooperation with Argentina, Brazil, and Uruguay. If a program is established, Chile can be expected to expand preferential treatment on custom duties.

Domestic Market and Price Regulation

Chile pursued its free competition policy in 1958 and removed wholesale and retail price controls from most commodities. However, prospective crop shortages resulting from severe storm damage brought a sharp rise in food prices in early months of 1959. This situation led the Ministry of Economy to reinstate price controls, temporarily, for rice, sugar, flour, and bread. Official wholesale and retail margins were also fixed for fresh vegetables to prevent price speculation.

The government continued to maintain guaranteed prices to farmers to encourage production of wheat and sunflower seed. The minimum support price for 1958-59 wheat (standard grades delivered Nunoa near Santiago) was fixed at 6,398 pesos per 100 kilograms (equivalent of \$1.65 per bushel at an exchange rate of 1,053 per dollar) for the month of January 1959. This minimum base price increases monthly to a maximum of 7,428 pesos per 100 kilograms (\$1.92 per bushel) in September. The Ministry of Economy also fixed the minimum price for 1958-59 sunflower seed at 9,220 pesos per 100 kilograms (about 4 cents per pound). The wheat price is maintained through the purchasing operations of INACO, the government purchasing agency which guarantees to buy all wheat offered by producers at the scheduled price. The sunflower price is maintained through COMARSA, an association of vegetable oil processors.

In addition to freeing the price of meat, the government moved to free the livestock and meat industry of restrictive controls in December 1958. Slaughter quotas were removed and meat was permitted to move freely throughout the country. This reduced the monopolistic control held by slaughterhouses in the principal meat markets. The two actions were taken to improve livestock prices and expand domestic meat production. They should encourage an expansion of slaughter facilities and improve the competitive position of livestock producers in the better pasture areas of South Central and Southern Chile.

While many subsidies have been eliminated during the past three years, the government does aid wheat farmers in the southern producing area by granting a 50 percent rebate in rail rates. Potato producers in that region were given a similar rebate during the past year. The emphasis on wheat production is also reflected in a recent subsidy payment for fertilizer used by wheat producers during the 1957-58 crop year.

Credit and Taxes

The system of commercial bank credit was revised under special economic powers granted the President in April 1959. The old quantitative credit control system was discontinued. Since then, bank credit has been controlled by the Central Bank through a system of cash reserve requirements and rediscounts. Special emphasis is being given to loans for developing agriculture, industry, mining, and trade.

The Superintendent of Banks recently issued special regulations designed to increase credit available to agriculture. Banks will make 40 percent of their time deposits available for 90- and 180-day farm loans renewable up to 2-1/2 years. New banking regulations, with exchange reforms, are aimed at providing more medium and long-term loans needed to maintain and improve farm operations. The State Bank, Chile's principal source of agricultural credit, estimates that its loans to farmers for seed, fertilizers, machinery, and improvements will be increased by nearly 30 percent during 1959.

New laws also provided for an increase in agricultural taxes. Assessments for land taxes have been revised with an increase over the preceding assessment of 8.5 percent for 1957, 30 percent for 1958, and 33 percent during 1959. The new law will require large farmers to pay income tax based upon real income rather than a presumed income of 10 percent of assessed land valuation.

Aids for Agricultural Development

Chile achieved some progress in improving transportation, marketing facilities, irrigation, and expanding research and extension services to farmers during the year. These aids are an important part of the agricultural and transportation development program initiated in 1954 to expand crop and livestock production.

Increased emphasis is being given to the highway system to supplement rail transport and thus facilitate movement of agricultural products. Chile's all weather paved highway, which is being extended with aid of foreign loans and technical assistance, totals about 1,300 miles. Access roads to the principal trunk highway are being graded and improved to provide better farm to market transportation.

Processing and storage facilities are also being improved. In accordance with development plans, new milk plants are being constructed and old plants modernized. New refrigerated slaughterhouses have been built at Osorno and Los Angeles in South Central Chile. INACO plans to expand grain storage and drying capacity to improve grain marketing from the southern producing area. A new sugar plant was constructed at Llanquihue in South Central Chile with an annual capacity of approximately 20,000 metric tons of refined sugar.

Chile continued expansion of irrigation capacity needed for crop and pasture production in its northern and central agricultural areas. The present irrigated area is 1,363,300 hectares (3.4 million acres), about 25 percent of the arable farm area. The Ministry of Public Works plans an extension of about 411,000 hectares (1.0 million acres) of irrigated land through new or expansion of existing water systems. The government also contemplates drainage projects in the southern region which will bring about 40,000 hectares (100,000 acres) under pasture.

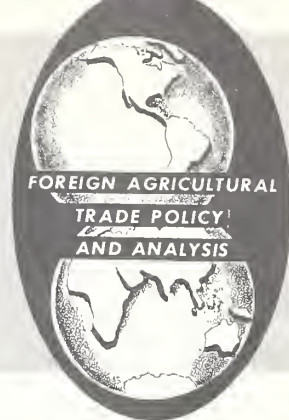
In cooperation with foreign technical assistance agencies, Chile has taken steps to improve research and extension services to aid agriculture. At Chillan, in South Central Chile, the Ministry of Agriculture, University of Concepcion, and foreign assistance agencies cooperate in carrying out plant breeding programs. The Ministry has recently provided land for experiments in livestock and pasture production. The College of Agriculture of the University of Chile has developed a similar program for crops in Central Chile. The Catholic University, also near Santiago, has under way an extensive corn-breeding program in cooperation with the Rockefeller Foundation.

Agricultural education and extension services are in early stages of development in Chile. However, in recent years, training programs for agricultural specialists have been accelerated through special courses conducted in cooperation with the various technical assistance organizations. A new farm management advisory service, Agroservicio, has been established as a technical aid to farmers. New extension programs have been responsible for a substantial growth in farm youth clubs during the past three years.

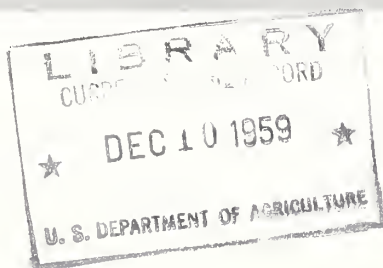
Table 2.- CHILE: Exchange deposits for specified agricultural imports,
August 1959

Category	Percent of c.i.f. value	Term of deposit, days
Cattle, hogs, sheep, breeding.....	100	90
Cattle for slaughter.....	100	90
Sheep for slaughter.....	200	90
Milk cows.....	100	90
Animal hair.....	400	90
Sheep wool, including tops.....	100	90
Cattle hides, sheepskins.....	100	30
Agricultural seeds.....	200	90
Rice.....	200	90
Cracked corn.....	5,000	90
Wheat.....	100	30
Other cereals and preparations.....	5,000	90
Feed and forage concentrates.....	5,000	90
Pulses and legumes.....	5,000	90
Potatoes.....	200	90
Pineapples.....	1,000	90
Bananas.....	100	90
Coffee beans.....	100	30
Cocoa beans.....	200	90
Hops.....	100	30
Cotton.....	100	30
Tobacco leaf.....	200	90
Cattle meat.....	100	90
Lard and edible tallow.....	100	90
Powdered milk.....	100	90
Butter.....	100	90
Cheese.....	5,000	90
Raw sugar.....	5	90
Raw material for fertilizer manufacture..	100	90
Superphosphates.....	100	90
Ammonium phosphate.....	5,000	90
Fungicides, insecticides, weedkillers....	5,000	90
Tractors.....	600	90

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U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



FATP 30-59
November 25, 1959

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MAJOR POLICY CHANGES AFFECT

INDIAN AGRICULTURE

Many important agricultural measures have been adopted during the past year in India. Two major policy changes that may have great influence on traditional Indian agricultural trade and production patterns were the enactment of state trading in food grains and a resolution by the ruling Congress Party that would advance cooperative farming.

The past year has been a most difficult one for the Indian Government, as prices of all commodities and especially food items have been extremely high. Food consumption has apparently exceeded planned goals due to the rapid increase in population and per capita food demand. The short food grain crop of 1957-58 forced prices of many food items upward, and even with the record crop of 1958-59 and large imports of wheat and rice, food prices remain high.

The adverse food situation and the public reaction toward it precipitated the resignation of the Minister of Food and Agriculture, Mr. A. P. Jain. The new minister, Mr. S. K. Patil, has indicated in public speeches that he favors a free marketing system. The effect this may have on the policy of state trading in food grains has not yet been announced.

The state trading policy, initially adopted by the National Development Council in November 1958, authorizes the Central Government and the States to purchase, store, distribute, and sell the marketable surplus food grains. In practice, the government has contracted the services of grain brokers or wholesalers to do their domestic procurement, leased private grain godowns (warehouses) and engaged retail merchants to operate a system of fair price shops. Private traders have shown opposition to this system and have attempted to withhold grain stocks from the market to raise food grain prices.

The cooperative movement in India has been mostly in the field of credit, with little progress along the lines of joint ownership and cultivation of land. However, steps have now been taken toward collective farming.

The resolution recently adopted at Nagpur proposed pooling of private holdings for joint cultivation at the village level. Furthermore, it was proposed that excess land above the land ceilings established under the land reform programs would be turned over to the village governing units to develop cooperative farms for the landless. Since the resolution's adoption, the Parliament has modified implementation by a policy of concentrating on service-type village cooperatives for 3 years.

INTERNAL MARKET AND PRICE REGULATION

Fixed or Support Prices

Prices of agricultural commodities in India during the post-independence years have fluctuated widely and caused considerable distress to farmers, consumers, and the government.

While the government recognizes the importance of support prices not only as a prime factor in market stabilization but also as an incentive for increased production, an extensive price-support program has not been established. However, from 1954 through 1956 support prices were fixed for some important food grains, and more recently, with the inception of state trading in food grains, the Government of India fixed prices for purchase of different varieties of wheat of fair average quality in the principal wheat-producing states.

Minimum prices payable for sugarcane delivered to sugar factories are fixed by the government each year. These prices are set a year in advance of each season so that growers can plan their production accordingly. Floor and ceiling prices for the principal varieties of raw cotton are also fixed annually. Actual market prices generally move near the ceilings, and during the past several years have never dropped to the floor price.

India's record jute and mesta crop in the agricultural year 1958-59 and the industry's inability to make full use of the extra production gave rise to a serious price problem. While the government did not find it feasible to adopt statutory support prices, it did try to remedy the situation by offering to purchase through the State Trading Corporation raw jute supplies, for export, at prices somewhat higher than the prevailing market rates.

In addition to these support prices, the government has from time to time fixed maximum prices paid to the farmer as a means of checking undue rises in prices and facilitating procurement of grain.

Market Regulation

The imbalances introduced in the Indian economy by abnormal conditions during the war years were so complex that they could not be resolved by the normal operation of the law of supply and demand. Special controls were, therefore, imposed to regulate prices, supply, and distribution of essential commodities. These controls have been continued to date, though in a modified form, because of persisting shortages developing from a fast growth in population and a slower increase in agricultural production.

A below-normal grain harvest in 1957-58 led to inflationary conditions that completely upset the country's agricultural economy. To remedy the situation, during the past year the government took the following regulatory measures other than price controls:

Larger supplies of imported food grains were released by the government.

Internal procurement of rice was taken up on a more extensive scale.

Large-scale releases of government-owned food grain stocks for sale through fair price shops were made.

Zonal restrictions on movement of food grains were applied to more areas.

Restrictions on bank advances against stocks of food grains imposed earlier continued to be exercised.

Wholesale dealers of food grains were licensed.

Forward trading in food grains and pulses was banned.

Only authorized dealers were allowed to sell or store any quantity of imported food grains.

Orderly distribution of food grains is one of the biggest problems that have confronted the Central and State Governments during recent years. The Ashoka Mehta Food Grain Enquiry Committee Report recommended the socialization of the wholesale trade in food grains. This recommendation was adopted by the government in November 1958. The program of state trading in food grains aims at eliminating the middlemen's profit, insuring that the producer gets a fair price, and narrowing down the disparities in food prices during the sowing and harvesting seasons.

The Government of India assumed full control over the entire output of the sugar mills in May 1959 for the purpose of allocation to wholesalers and for export. This action was prompted by the spurt in prices which in turn was partly attributed to malpractices by millers. An earlier decision licensing

sugar wholesalers throughout the country had evidently failed to stabilize prices. Domestic price is above world price, but the mills receive no export subsidy.

To eliminate certain unhealthy practices from the market and to create mutual trust between the consumer and the producer, quality control in the marketing of agricultural commodities is exercised under the direction of the Ministry of Food and Agriculture. Standards have been developed for 115 agricultural products, including ghee, creamery butter, edible oils, eggs, rice, wheat flour, fruits, cotton, wool, bristles, sann hemp, tobacco, and essential oils. In addition, quality control has been introduced in respect to fruit products and canned or bottled vegetables. Grading is voluntary when the commodities involved are consumed within the country, but it is compulsory when such commodities are for export.

The Directorate of Marketing and Inspection has the overall advisory responsibility for the setting up and proper functioning of regulated markets. These markets, of which there are 549, are managed by committees representing producers, traders, and local government bodies. These committees enforce fair trade practices, including the open action system of sales, licensing of persons operating in the market, deduction of authorized market charges, enforcement of standard weights, and settlement of disputes.

Production Programs

There are no direct subsidies for the actual growing of agricultural crops. The Central and State Governments do, however, assist agriculturists by providing low-interest agricultural loans, improved varieties of disease-free seeds, and other essential supplies at government-fixed prices.

Most harvests in 1958-59 were at record levels, due in part to favorable weather, but also as a result of some of the development efforts of the 5-year plans.

Under the 5-year plans small-scale irrigation is emphasized as a means of obtaining quick results in increasing agricultural production. Land reclamation has been carried out over a period of years, reaching 1.67 million acres in 1958. Seed farms have been established, and last year 30,000 tons of improved wheat seed were distributed. Propaganda work has removed many of the Indian farmer's prejudices against chemical fertilizer, and there has been considerable progress in popularizing the use of organic fertilizers. The government also assists farmers in controlling crop pests and diseases.

The government's major effort to regulate agricultural production last year was the launching of an intensive crop-production campaign to increase production of spring food crops. The success of this encouraged the Indians to draw up a country-wide campaign to raise the production of crops harvested in the fall.

Commercial crop production has also been stimulated by various other programs. An intensive fertilization program for sugarcane, the Sea Island Cotton Development Scheme, jute development programs, oilseeds extension schemes, and programs concerned with pepper, cashew nuts, arecanuts, coconuts and tobacco are all examples of recent efforts to expand export potential.

Plantation crop acreage expansions are regulated by the respective Coffee, Tea, and Rubber Boards, which take into account the production, consumption, and market trends within the country and in pertinent foreign markets.

DEVELOPMENT PLANS AND AGRARIAN REFORMS

Five-Year Plans

India is now in its ninth year of national planning. Having successfully completed the First 5-Year Plan, India started on its Second Plan in 1956.

The current plan has 3 significant programs that affect agriculture: implementing the national agricultural extension service in all of India's villages; increasing total agricultural production 28 percent over 1955-56; and bringing under irrigation 21 million more acres. Although the 1958-59 food grain crop set a new record, it was just 11.7 percent higher than the 1955-56 crop. With only two years remaining in the Second Plan period, it is doubtful whether food grain production will reach the 25 percent increase called for in the plan.

Land Reforms

Under the federal Constitution, the state governments are responsible for enacting and enforcing land reform measures. The Government of India, however, makes every effort to expedite land reform programs incorporated in the Second 5-Year Plan.

These programs are aimed at removing the defects in India's agrarian structure, namely: the existence of intermediaries between the state and the farmer; insecurity of tenure, which prevents the cultivator from effecting permanent improvements on the land; high rent rates which discourage cultivators who are crop sharing; small and fragmented holdings which deter improvement in cultivation techniques; and uneven distribution of land, which leaves many of the rural population either without any land or with holdings too small for profitable cultivation.

Cooperative Farming

The 64th annual session of the ruling Congress Party of India, held in January 1959, passed a resolution calling upon the Congress Governments in the States and at the Center to reorganize Indian agriculture radically by adopting cooperative farming as a national pattern of agriculture. The Party suggested the establishment of service cooperatives as a step in this direction. The cooperative movement in India, in the field of agriculture, has up to now been confined largely to an expansion of credit facilities, and attempts to establish farming societies on a cooperative basis have not met with any great success.

Soil Conservation

The government further intensified soil conservation work during the past year. It provided \$6.5 million in the form of subsidies and loans to help carry out the 1958-59 program which is expected to afford soil conservation protection to 650,000 acres.

It is estimated that India has at least 12 million acres which because of alkali soils are either totally unproductive or grow only a few rough grasses and shrubs. There are many millions of additional acres on which production is reduced 25 to 50 percent because of unobserved alkali conditions. However, no large program for reclamation of alkaline soils has so far been undertaken because it would be too costly.

Irrigation Development

While work on major multi-purpose irrigation projects is continuing, the main emphasis in recent years has shifted to minor irrigation works. Attention is also being devoted to full utilization of the irrigation potential already created and the proper maintenance of existing works.

During the First 5-Year Plan 9.5 million acres were reported to have been brought under small-scale irrigation schemes. The minor irrigation program under the Second Plan is expected to bring under cultivation 9 million more acres and contribute almost 2 million tons of food grains to total production. The additional areas covered by minor irrigation works during the first two years of the Second Plan have been estimated at 3.86 million acres, or roughly 40 percent of the targets.

About 3 million acres of land were brought under irrigation by large and medium-sized projects in the First Plan. During the Second Plan an additional area of 10 million acres will receive irrigation benefits, 9 million acres from projects undertaken during the First Plan, and 1 million acres from new projects. These new projects will eventually irrigate an area of 16.8 million acres.

Latest official statistics show that the gross irrigated acreage in India during 1955-56 stood at 63.3 million acres, compared with 51.5 million acres in 1950-51. Irrigated area by the end of the Second Plan is expected to total 83.5 million acres. This would mean about 62 percent more irrigated area than at the commencement of the First Plan.

OTHER AIDS TO AGRICULTURE AND TRADE

Credit

Most Indian farmers make only a meager living out of their small holdings. Any program to increase agricultural production by these farmers depends, therefore, upon the availability of timely credit on easy terms.

Cooperative credit societies have been in existence for over 50 years. The credit available to agriculturists from this source at the beginning of the First 5-Year Plan amounted to about \$50 million, representing approximately

3 percent of their total needs. The Second Plan has set a target of credit to be provided by these societies at about \$475 million. The rate of interest charged on loans varies from $3\frac{1}{4}$ to $12\frac{1}{2}$ percent. It is hoped that the credit target set for the Second Plan will be achieved by strengthening the existing small-sized societies and organizing new societies, small and large.

In addition to these cooperative credit societies, the Central Warehousing Corporation and 13 State Warehousing Corporations are to set up a network of warehouses where producers will be able to store a sizable part of their marketable surpluses and obtain short-term credit on the basis of the warehouse receipts.

Research, Education, Extension

Under the constitutional setup in India, all direction and control of agricultural and veterinary science, including research, teaching, and policy, is vested with the State Governments.

The Indian Council of Agricultural Research at New Delhi was established in 1929 with the primary objective of promoting, guiding, and coordinating agricultural research and education throughout the country. Over the past 30 years, the Council has developed into the leading organization which guides, finances, and coordinates research problems connected with agriculture and animal husbandry in the widest sense of the terms.

In addition to research and education, the Council disseminates knowledge gained from research. It also trains students in agriculture and animal husbandry statistics. The Council derives funds from an export tax on certain agricultural commodities and from lump sum grants from the Government of India. The Council does not have any research institutions of its own, but sponsors agricultural research in conjunction with State Governments, Central and State Research Institutions, universities, and recognized private institutions. The Council is mainly interested in regional or all-India programs, and leaves purely local schemes to the respective State Governments.

Apart from the ICAR, there are a number of Commodity Committees which deal with research in respect to particular crops. The Commodity Committees are semi-autonomous bodies financed by grants from the Government of India or by income from taxes, and are located in the main growing regions of the crops concerned. These committees are: The Indian Central Cotton, Jute, Sugarcane, Tobacco, Oilseeds, Coconut, Arecanut, and Lac Committees. All the Commodity Committees, except for the Indian Central Oilseeds Committee, have their own research institutes.

With the setting up of these Commodity Committees, the field of the Indian Council of Agricultural Research came to be limited to food crops such as wheat, rice, barley, corn, millets and pulses, tuber crops, grasses and fodder crops, spices, horticulture, and to problems common to various commodities, such as plant diseases and pests, fertilizers, farm implements, and dry land farming. In the field of animal husbandry, the ICAR is concerned with animal diseases, animal nutrition, animal breeding, and dairying.

The Second 5-Year Plan has set a target for full training of 6,500 agricultural and 3,000 veterinary students. The Government of India is giving financial assistance to the State Governments for developing 4 State Agricultural Colleges and 4 State Veterinary Colleges. The interchange of agricultural education and research personnel between Indian and American institutions continued during the past year.

Agricultural extension is an integral part of the Community Development Program which was launched on October 2, 1952, to promote the individual and collective welfare of India's vast rural population. The program is implemented in units of blocks, each comprising generally 100 villages with an area of 150 square miles and a population of between 60,000 and 70,000. At the block level, the Block Development Officer is assisted by a team of eight extension officers, including experts in agriculture and animal husbandry.

The role of the extension organization at the block and village level is two-fold. It carries proven knowledge or research of practical utility to the villagers and also makes available to them resources and facilities provided by the government. It also transmits the problems of the villages back to research organizations for special study and solution. As of December 31, 1958, the program covered 2,405 blocks, comprising 302,947 villages and nearly 165 million people representing about 56 percent of India's rural population. By October 1963 it is proposed to cover the entire country under the program.

Foreign Assistance to Agriculture and Trade

External assistance has become one of the major factors in India's economic development. To enable India to achieve the targets fixed in the Second 5-Year Plan and bridge the gap in its balance of payments, a number of friendly countries and international agencies have been making generous contributions of equipment and commodities and supplying technical experts in various fields of India's development programs. The agricultural sector of the economy is one of the largest recipients of foreign assistance, with the United States the biggest contributor.

The bulk of the U.S. aid is being channeled through the Technical Cooperation Mission program towards implementation of various developmental schemes included in the Second 5-Year Plan. During 1958, 17 project proposals were signed with the TCM and 8 new technicians were provided to India, bringing total TCM agricultural experts assigned to the country to 38.

Much of the U.S. aid India receives is under Title I, of Public Law 480. Surplus U. S. agricultural products are sold to India for rupees, with about 80 percent of the local currencies generated from the sale having been set aside for use by India in the form of grants and loans for economic development. Of the \$670 million included in the 4 agreements through October 1959, \$91.5 million is earmarked for grants for multilateral trade and economic development, \$79.2 million for loans to private enterprise, and \$389.3 million as loans to the Government of India. This gives India more than \$550 million to apply against its investment requirements of the Second 5-Year Plan. And a new agreement signed in November 1959 for \$238.8 million will furnish additional funds.

Apart from the direct Public Law 480 assistance, the U.S. Government offered \$4 million worth of Italian, French and Japanese currency to India for the purchase of fertilizers and tubewell equipment from these 3 countries. The Ford Foundation and Rockefeller Foundation continued to render assistance for a large variety of individual projects.

Under the Expanded Technical Assistance Program, the Food and Agriculture Organization of the United Nations during 1958 assigned 30 foreign experts to India in the fields of fisheries, forestry, veterinary science, animal husbandry, and dairying.

Under the Technical Cooperation Program of the Colombo Plan, India obtained the services of 6 experts in the fields of agriculture and allied subjects. Additional assistance received under the Colombo Plan during the past year included: (1) Australia supplied 9,400 tons of wheat valued at around \$630,000; (2) New Zealand authorized further grants for the Madras Milk Supply Project; and (3) the Government of Canada granted 2 loans aggregating \$33 million for procurement of about 540,000 tons of Canadian wheat and supplied \$8 million worth of wheat (about 150,000 tons) as a special grant.

Other external assistance is being utilized by India under various bilateral or ad hoc arrangements. These include technical aid and supplies in the dairy field from Australia, New Zealand and Denmark. Russian agricultural assistance has included the granting of a \$1,596,000 credit for the purchase of agricultural machinery and equipment in 1955. However, total loans offered to India have been \$258 million, with a new \$378 million loan extended for the Third 5-Year Plan period.

FOREIGN TRADE POLICY AND DEVELOPMENTS

The Government of India continued to make every effort to conserve foreign exchange by limiting imports, encouraging exports, seeking foreign assistance, and creating suitable climate for attracting foreign capital.

Imports

Consumer goods imports were further curtailed during the past year, and the licenses for raw materials and intermediate goods were issued on the basis of estimated "maintenance requirements" - not always to the level of full-capacity operation- of industries. Import policy prohibits imports of tobacco manufactures, butter, cheese, ghee, condensed or preserved milk, canned or bottled ham or bacon, vegetables, coconuts and a number of nonagricultural items. Quotas have been set for fruits and certain nuts, milk food for infants, malted milk food and spices.

The general policy pertaining to imports from dollar areas, that is, the option given to importers to utilize soft currency licenses up to a certain value for imports from dollar areas, has been continued.

Imports of food grains and fertilizers continue to be made departmentally on Government account. The policy with regard to these items is decided by the government on ad hoc basis, taking into account factors such as domestic production and requirements, availability from abroad and payment arrangement.

Exports

Export policies in recent years have been aimed at maximizing earnings of foreign exchange badly needed for foreign purchase of capital goods and machinery to execute the Plan projects. It is planned to achieve this objective by expanding exports of traditional export items, as well as by developing markets for some new items. While the importance of retaining a share of the traditional export markets is fully recognized, special measures have been adopted to diversify trade among more countries and to explore new markets, especially the Middle Eastern and Eastern European countries. Some of the important steps taken during the past year to stimulate exports were:

(1) Export control was lifted from over 200 commodities, the number of items which were previously subject to quota restrictions were reduced and free licensing for most of the commodities subject to control regulations was introduced.

(2) Adjustments were made in the export duties and excise taxes on the major export items to strengthen the competitive position of Indian goods in world markets.

(3) The procedure for obtaining drawbacks of customs duty on imported raw materials used in the manufacture of articles for export has been simplified.

(4) An export incentive scheme was initiated to facilitate the continuous flow of exports of Indian goods manufactured out of imported raw materials.

(5) The scheme of compulsory grading before export with a view to insure quality control continued to operate.

(6) Concessional freight rates for the purpose of reducing the cost of exports were introduced.

(7) The promotional work initiated by the 11 export promotion councils was intensified.

Domestic availability, high cost of domestic production plus strong foreign competition and the development of substitute materials in export markets continue to be the main deterrents in sustaining the existing level of or expanding Indian exports.

Export duties and excise taxes on agricultural commodities are important sources of revenue to the Government of India. Export duty realizations from agricultural commodities amounted to 94.2 percent of total export duties, and revenue receipts on agricultural commodities amounted to 42.5 percent of the total collections from Central excise taxes.

Trade Agreements

Bilateral trade agreements as a feature of India's commercial policy are of recent origin. There were relatively few such agreements before World War II. The main objectives in entering into these agreements have been: (1) to establish direct trade contacts with countries whose import trade in Indian goods in

the past had been conducted through entrepot trade of other countries; (2) to resume the prewar pattern of trade, especially in the case of West Germany and Japan; (3) to secure essential and scarce goods not otherwise obtainable; (4) to find new markets for Indian goods; and (5) to facilitate trade with countries whose trade is planned or completely state-controlled. India has currently bilateral trade agreements with 26 countries.

During the past year new trade agreements have been entered into with the U.S.S.R. and Iraq and the validity of existing agreements with Rumania, Finland, Afghanistan, Indonesia, Sweden, Communist China and East Germany was extended for periods ranging from 6 months to a year. During May 1959, new trade agreements were concluded with Rumania, Bulgaria, Yugoslavia and Czechoslovakia. A special feature of the agreements with the Soviet Bloc countries, Egypt, and Afghanistan is the provision of "Rupee Payment" arrangements. Under this arrangement, India can pay for its imports from the contracting countries in rupees to be deposited in a special account in India. These rupees are, in turn, utilized by the foreign country concerned in purchasing Indian commodities. Any balances standing to the credit of the foreign country are normally convertible into pounds sterling, but the Government of India is negotiating with the contracting countries for the waiver of this convertibility clause, in view of the present difficult foreign exchange position.

In addition to these agreements, India has specific commodities agreements with Burma, the United States, and Canada. Under the Indo-Burma Agreement of 1956, India is to obtain 350,000 tons of rice from Burma during calendar 1959. India has signed five Title I, Public Law 480 agreements with the United States since 1956, for 10,340,000 tons of wheat, 200,000 tons of rice, 600,000 tons of coarse grains and other agricultural commodities to be paid in rupees. A barter agreement under Title III of Public Law 480 was also signed which included 450,000 tons of wheat in exchange for ferromanganese and manganese ores. During September 1958 the GOI signed an agreement with the Government of Canada for the purchase of 145,000 tons of wheat and 35,000 tons of low grade fertilizers.

India has signed the new International Wheat Agreement under which it is committed to purchase a minimum of 70 percent of its total commercial imports of wheat from the member exporting countries. India continues to be one of the Contracting Parties to the General Agreement of Tariffs and Trade (GATT).

Foreign Trade

Under the impact of the austere import policy, total Indian imports during 1958 contracted 16 percent to \$1,815 million. Exports, despite various schemes designed to encourage them, fell 10 percent to \$1,216 million. India has suffered unfavorable balances of trade for several years, but the deficits since the start of its Second 5-Year Plan have been particularly large, due to huge imports of capital goods needed in its development programs and food grain imports required for its expanding population and economy.

The direction of India's foreign trade during 1958 followed the usual historical pattern; with the United Kingdom and the United States maintaining their respective positions as the first and the second largest trading partners. India's trade with the Soviet Bloc countries, including Communist China, continues to expand slowly, but steadily.

Agricultural imports were lower in 1958 than in 1957, with cotton and dairy products showing the largest decreases. However, agricultural exports gained in 1958 in contrast to total exports. Tea and unmanufactured tobacco accounted for most of the increase between the two years.

The shortage of foreign exchange has continued to act as a limiting factor against larger imports of fertilizers. Dairy product imports also have been adversely affected by this shortage. Food grain imports were not affected to the same degree as a result of Public Law 480 agreements with the United States allowing for substantial grain imports against rupee payment.

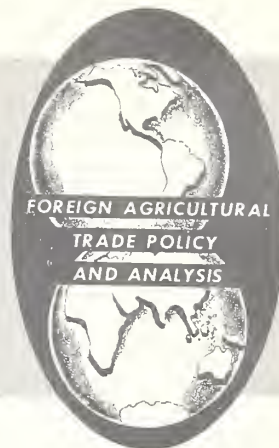
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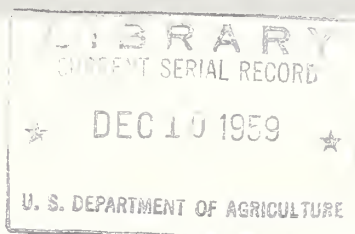
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F A T P 31-59
December 1, 1959

CUBAN POLICIES CALL FOR AGRARIAN,

TAX, AND TARIFF REFORM

Cuba's new economic reform policies, which rest upon an agrarian, tax and tariff reform program, are being watched with interest. This three-pronged program is just getting under way, however, so that even its initial success cannot be judged accurately now. It is evident, though, that the Cuban economy at this time cannot face a lessening of the country's production and exports without getting into serious financial difficulties. Already Cuba has had to impose exchange taxes of 30 percent to 100 percent on luxury and semi-luxury imports to dampen demand and bolster revenue.

The Government, through its new Agrarian Reform Law of June 3, 1959, wants to diversify production, increase domestic use of Cuban-grown products and raise the standard of living. However, the proposals under the Law are so sweeping that they will have a profound effect upon the entire economy of the country and are of great concern to foreign investors in Cuba. Many problems have already arisen in connection with the redistribution of land under the Agrarian Law. Some of this land is owned by U.S. citizens and is used primarily for sugar and cattle.

With regard to the longer time effect of Cuba's new policy measures upon U.S. agricultural exports to Cuba, shipments of U.S. pulses, fruits, vegetables and rice may be the first to show a decline. Pork and lard may be affected later.

Agrarian Reform

Agrarian reform is perhaps the major instrument chosen by the Cuban Government through which it hopes to achieve its two main goals: (1) to make possible the planting and extension of new crops which will provide national industry with raw materials, more nearly meet domestic food needs and increase agricultural exports; and (2) to increase rural living standards and purchasing power, and create light industries.

Main features of the Agrarian Reform Law are: (1) end of latifundium (large estates), with provision for indemnifying landowners with 20-year bonds for the expropriation of their farms; (2) redistribution of land so that the man who works it will possess it, subject to certain restrictions; (3) prohibition of sharecropping; and (4) the establishment of a National Institute of Agrarian Reform (INRA) with widespread authority in administering the law.

Under the law a land owner, all of whose holdings are operated by tenants, may not retain any of his land. Also, individual persons who own a sugar mill or hold stock or are officers of sugar manufacturing corporations are prevented by the Law from cultivating sugarcane, and their land may be distributed among relatively small farmers. Others are limited to 30 caballerías (1,000 acres), except for certain rice, sugar, and cattle lands. The maximum amount of land that may be owned under any circumstance is 100 caballerías (3,300 acres), and then production must not fall below certain minimums set by INRA. Agricultural production cooperatives under INRA control, however, are being developed under the program and they are exempted from acreage limitations.

Indemnity to owners of expropriated land is based on tax declarations rather than on the market value and is paid in 20-year bonds bearing a maximum interest rate of 4-1/2 percent.

The "vital minimum" area of non-irrigated rural land for a peasant family of five has been set at 2 caballerías (about 65 acres). Peasants dispossessed from land they cultivate are given first priority in land redistribution. Within this group, members of the Rebel Army and Auxiliary Corps members of the army, as well as victims of the war and their families are given preference. Land is given free up to the "vital minimum"; an additional 3 caballerías (100 acres) of land may be purchased from the owner. Property under this law cannot be transferred except by inheritance, sale to the State or other authorized exchanges.

Land ownership is generally to be limited to Cuban citizens. Foreigners may not acquire rural land in Cuba in the future. However, the INRA is empowered to transfer land of not more than 100 acres for industrial and agricultural developments that may be beneficial to the national economy.

The INRA has broad powers to implement the Agrarian Law, including authority to set up credit facilities and statistical services, organize cooperatives, propose tax and tariff changes, prepare programs of national agricultural production, and offer technical advice to farmers. It has power to proceed with expropriation and redistribution of latifundia, and to enforce the new law. In addition, the President of the INRA administers all funds of the Institute.

One of INRA's most significant responsibilities is the development and operation of agrarian cooperatives. These cooperatives are not limited in

size of holdings and will permit large-scale mechanized production. Besides the cooperatives at Ciénaga de Zapata, there are several others established and operating in the country. These are organized for rice, tomatoes, coffee, cattle, fisheries, etc. Other cooperatives are being organized to provide credit, storage, construct dams and irrigation systems, and encourage use of by-products and residue.

Exercise of its powers may increase INRA's influence on Cuban agriculture with resultant decrease in authority of other agencies such as the Ministry of Agriculture, and the Agricultural and Industrial Bank (BANFAIC). Already, plans are made for the transfer to INRA of the National Institute for the Stabilization of Coffee, the Commission for Propaganda and Defense of Havana Tobacco, as well as all autonomous organizations that are dedicated to agricultural production.

The country has been divided into 26 agrarian development zones. These zones are administered through the INRA and will carry out its program. Thirteen are already operating with a representative of the INRA to advise farmers on their operations.

By August of this year the INRA controlled 9 sugar mills in Cuba, which in 1959 produced 1.7 million bags of sugar or 3.2 percent of Cuba's entire 1959 production. Just what the entire program will do to Cuba's agricultural production and trade over the long pull is uncertain at this time.

Tax and Tariff Reform

The Government's fiscal reform legislation in effect for the coming fiscal year has as its purpose not only to increase revenue but also to accelerate economic diversification and development. The system is simplified and the number of taxes greatly reduced. Several of the taxes are of concern to agriculture, but the effect of the reduction cannot be appraised yet.

New Cuban Tariff Nomenclature, General Tariff Provision, and General Tariff Rates became effective March 17, 1958. The new rates, however, apply only to countries not having trade agreements with Cuba for the time being. Existing most-favored-nation and U.S. preferential rates continue in force, pending new negotiations with the Contracting Parties to the General Agreement on Tariffs and Trade. A temporary import quota surveillance system was instituted to prevent abnormally large imports from the United States and most-favored-nations in expectation of probable tariff increases on items from these areas. None of these temporary quotas have so far been imposed. Six agricultural commodities are excluded from the concept of abnormal imports because they are already subject to quota control, or included under international agreements. They are rice, wheat and wheat flour, red beans, henequen and sisal, quebracho and potatoes.

Regulations arising from the new Customs Tariff applies health specifications to lard imports. The Meat Inspection certificate, usually accompanying lard imports, now gives the percentage, if any, of hydrogenated fat or antioxidant preservative, as well as certification that the lard is edible under U.S. regulations.

An appraisal of the effects of the tariff reform on agricultural products must await the conclusion of the renegotiations with the United States and other contracting parties of the General Agreement on Tariffs and Trade. In the meantime, the trade between Cuba and the United States continues to be governed primarily by the provisions of the General Agreement on Tariffs and Trade, which has been the framework of Cuba's commercial policy. Under this agreement, the United States reduced tariff duties on sugar, molasses, tobacco, and other Cuban export products; Cuba made concessions on wheat flour, lard, and fresh and canned vegetables among others. Cuba also agreed to permit low-duty entry on a tariff quota on rice (minimum 329.6 million pounds). The Cuban Government, however, announces each year an additional deficit quota that can enter at the low duty. The total low-duty quota for the 1958-59 quota year was 456.3 million pounds.

Other Factors Affecting Agriculture

The Domestic Market:

The Cuban Government now has no program of direct subsidies on acreage, production or farm requisites. Minimum producer prices or support prices, however, are in effect for corn, coffee, rice, and tobacco. The Government has increased the minimum price paid to corn growers up to approximately \$3.85 per quintal, effective with the 1958-59 winter crop. The purpose of the price increase is to promote self-sufficiency.

The Coffee Purchase and Sales Administration maintains the price of coffee at \$44.50 per 100 pounds of natural coffee, with a humidity content of not over 12 percent and classified free from straw, stones, and other matter. The at-the-farm price of rice is set at 15 cents per pound of rough rice (for variety types), although the minimum guarantees have not been operative as current prices are above the support price on all types of rice. Minimum grower prices for tobacco are established by zones and tobacco classification. Minimum prices for cigar-type sun-grown tobacco for the 1959-60 crop will be the same as last year.

Staple foods are generally subject to ceiling prices set by the Government. The price for meat, for example, is set at 43 cents per pound in the Havana market and 40 cents at interior markets. A further regulation was issued in October of this year freezing prices of all items at the level prevailing September 18 if they were subject to surcharges under Law of September 24.

To avoid overproduction of potatoes and to assure reasonable returns to producers, imports of seed potatoes are restricted to 296,000 bushels

annually and must be of the red variety. INRA now will be the sole importer of these. Last August the Ministry of Agriculture rescinded the long-standing 12,000-bushel limitation on locally grown seed Titinas by allowing small growers a quota of 170 bushels each. Production is controlled indirectly by restricting imports of white table potatoes to 507,000 bushels and prohibiting planting. The Cuban Government annually establishes maximum production quotas for all types of tobacco. This was 98 million pounds for 1958-59 -- 91 million pounds sun-grown and 6.6 million shade-grown.

Also, each year the Government determines whether, based on the world and domestic supply situation, sugar production should be restricted. The 1958 crop was restricted to 6,373,000 short tons and the 1959 crop to 6,600,000.

The Government's agricultural development policies include diversion of sugar acreage to other agricultural production; improvement and diversification of crop production through technical assistance programs; improvement of livestock, particularly beef and poultry; production and price controls; rural housing; reforestation; soil and water conservation; rural education, extension and research; credits; and import restrictions to protect domestic production. Considerable progress in diversification was made between 1927 and 1940. Extension of credit by commercial and state banks has since 1952 given increasing impetus to agricultural diversification.

Foreign Trade:

Import permits are required for rice, dairy products, wheat and flour, and certain other products. In recent years the rice quota has been broken down into quarterly amounts and licenses issued on this basis. Wheat and flour licenses are issued to regularize imports under the International Wheat Agreement. The original quota for Cuba under this agreement was set at 8.8 million bushels. However, three upward revisions were made during the past year, raising the total IWA quota for 1958-59 to 9.3 million bushels, wheat equivalent basis.

Last February, import licensing requirements were placed on nearly 200 luxury and semi-luxury items to provide for import restrictions should the latter become necessary.

On September 24, 1959 a law was approved establishing exchange taxes on imports ranging from 30 to 100 percent for most of these items. The surcharges are figured on an f.o.b. basis and will be collected by the commercial banks acting as agents for the Government. The principal types of food and agricultural items affected are the following, all of which will bear a 30 percent surcharge: Fruits and vegetables, fruit juices, canned meat products and certain livestock by-products, canned fish, sugar products, chocolate goods, macaroni, spaghetti and pasta items, bread, crackers and most bakery products, jellies, marmalades and similar products. Infant food preparations are

exempted. The Law is intended as a means of conserving foreign exchange by restricting imports and is supposed to be provisional.

Henequen and sisal imports have been subject to an annual quota equal to the amount imported from each producing country in 1936. Cuba has not imported hard fibers for many years, but in recent months domestic production has not met demand. The Council of Ministers authorized importation of 3 million pounds of sisal or henequen before June 30, 1959.

In accordance with the Cuban-Chilean Commercial Agreement, a global quota of not more than 39.9 million pounds of low-duty red and kidney beans may be imported during the quota year beginning April 1. The United States may supply about 38 percent of this total.

Table potato imports are restricted to the white variety. During the period from August 1 through October 31 the low-duty quota is 507,000 bushels. Seed potato imports are restricted to 296,000 bushels.

Cuban exporters have for many years been required to deliver 30 percent of their foreign exchange earnings to the Currency Stabilization Fund in exchange for pesos at par. No exchange control has been exercised over imports, except those from France and Spain. The international reserve position has shown a downward trend since November 1956, however, and reached a record low in December 1958. On December 23, the amount of earned foreign exchange to be turned over to the Government was increased from 30 to 75 percent, and late in January the amount was raised to 100 percent. Closer control of commercial transactions involving foreign exchange was also instituted. Although import licensing is now required for about 200 items, these have so far not served as a restrictive measure but do provide machinery if restriction should become necessary. State trading in agricultural commodities by Cuba has begun with free-duty importation of corn. A government agency, Empresa Transformadora de Productos Agropecuarios, S.A. imports corn and distributes it. This entity receives duty-free privileges and freedom from local taxes on all needed equipment and material.

Cuba currently has bilateral agreements with Spain, West Germany, Austria, Switzerland, Argentina, Sweden, Denmark, Italy, Iceland, the United Kingdom, Japan, Chile, Peru, The United Arab Republic, and Israel. These agreements grant most-favored-nation treatment, except for the special tariff preferences existing between the United States and Cuba and for the import of Japanese textiles into Cuba. These textiles pay the old general rate. Cuba may be thinking of bartering Cuban products to save foreign exchange.

Outlook

Imports continue to supply much of Cuba's principal agricultural needs. Efforts of the Government to encourage self-sufficiency in the basic necessities is increasing domestic output somewhat. During 1958 Cuba supplied all of its requirements for sugar, coffee, cacao, citrus fruits, tropical

fruits and root crops, winter vegetables, beef, fresh pork, poultry meat, fresh milk, cigar-type tobacco, and hard fibers. It supplied 95 percent of the eggs for human consumption and 85 to 90 percent of the cheese, butter, condensed and powdered milk. On the other hand, Cuba imported practically all its lard, wheat, and soft fibers; 98 percent of its cotton; and more than 90 percent of its cured pork products and vegetable oils. Other important imports include corn (30 percent), potatoes (25 percent), eggs for hatching (40 percent), rice and beans (60 percent), and evaporated milk (45 percent).

The United States supplies almost 90 percent of Cuba's agricultural imports, including all imports of such products as rice, lard, eggs, and tobacco. Cuba is the best Latin American market for U.S. agricultural commodities, taking about 30 percent of the total moving to the 20 Republics in 1958.

U.S. Agricultural Exports to Cuba, 1958

<u>Commodities</u>	<u>Million Dollars</u>
Rice, milled	39.9
Lard	20.7
Wheat and flour	14.1
Pork, fresh, cured, canned . . .	11.5
Pulses	9.0
Other vegetables & preparations.	8.8
Fruits and preparations	8.0
Other	33.1
<hr/>	
Total	145.1

It is difficult to judge the effect of the intensified Cuban effort to diversify production, because of imponderable factors such as the organization and operation of new agencies in the fields of agrarian, tax and tariff reform, and the availability of funds to finance the reforms. The confusion that may be expected in the early stages of the programs may be felt in the lower production of exchange-earning crops as well as crops for domestic use only.

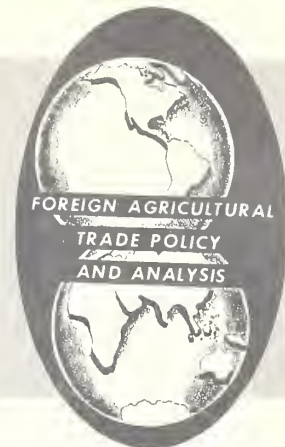
The possibility of less foreign exchange and a general tightening of import restrictions may prevent any expansion of U.S. agricultural exports to Cuba in the next two or three years. Implementation of the policies of the Cuban Government may increase or decrease this trade. During the first six months of the new regime, U.S. exports of agricultural products to Cuba were maintained at about the level of the preceding year. However, over the past several months Cuban restrictions on imports have increased and this may have a depressing effect on import volume.

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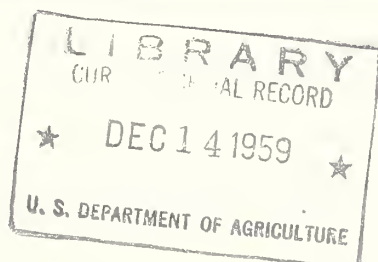
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FATP 32-59
December 7, 1959

PHILIPPINE FOOD CONSUMPTION RISES

BUT STILL IS BELOW NUTRITIONAL NEEDS

Overall food consumption in the Republic of the Philippines during recent years has been increasing, but not much more than the population. Per capita food consumption is still considerably below nutritional requirements recommended by the Philippine National Economic Council.

Consumption of all food commodities in 1958 was below recommended levels except rice and corn, which exceeded requirements by 21 percent. The National Economic Council estimates 76.8 and 20.8 percent of the total population subsist principally on rice and corn, respectively. The other 2.4 percent depend primarily upon root crops.

Food Supply

The total Philippine food production index (excluding copra) was 9 percent higher in 1958 than during the previous year. Output of most food items increased except desiccated coconut, which declined about 6 percent. Rice, corn, and centrifugal sugar registered the largest gains in production.

Imports of food commodities in 1958 were substantially larger than in 1957. Cereals and dairy products amounted to \$62 million or half the value of all agricultural imports in 1958. Thirty-eight percent of the rice, 67 percent of the wheat flour, and 73 percent of the dairy products were imported from the United States.

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F 76 F

Philippine exports of food consisted principally of sugar, coconut products, and canned pineapple. Exports of most food commodities declined, but large shipments of sugar (centrifugal and noncentrifugal) resulted in a substantial increase in overall exports from the previous year. Sugar represented about 36 percent by value of all agricultural exports.

The total land area devoted to food crops in 1958 was estimated at 16.6 million acres, about 2 percent more than the previous year. Approximately 83 percent of the cultivated land area devoted to crops was planted to rice, corn, and coconuts.

Table 1. Republic of the Philippines: Estimated per capita consumption of principal food items compared with per capita requirements, 1958.

Commodity	: Consumption	: Requirements ^{1/}
	Kilos ^{2/} per year	Kilos per year
Rice and corn	123.80	101.94
Root crops	52.46	60.7
Fruits and nuts ^{3/}	34.71	83.0
Vegetables	7.66	55.0
Pulses	2.08	6.3
Coffee ^{4/}	.48	1.0
Cacao ^{4/}	.15	.5
Fats and oils ^{5/}	2.26	15.0
Sugar	13.66	16.0
Fish	20.92	26.97
Milk ^{6/}	4.19	24.39
Eggs	3.12	3.98
Meat	10.57	33.13

^{1/} Estimated by the National Economic Council, Republic of the Philippines.

^{2/} One kilogram equals 2.2046 pounds.

^{3/} Including coconuts, peanuts and other oilseeds which were consumed as food rather than crushed for oil.

^{4/} No nutritional requirement, but a requirement is set based on previous years' intake.

^{5/} Coconut oil and butter.

^{6/} Includes cheese and other milk products.

Rice and corn: Supplies of both rice and corn during 1958 were above requirements. Domestic production of these grains was the largest on record, exceeding the previous high in 1956 by 6 and 4 percent, respectively. The bumper crops were credited to good growing conditions, more extensive application of fertilizers, and more widespread use of chemicals for pest and disease control. Imports were also high in 1958; corn imports amounted to 20,640 metric tons and rice arrivals totaled a record 195,717 tons.

Imports of rice and corn in addition to domestic production in 1958 exceeded requirements. It appears the government underestimated the size of the domestic crop and thereby miscalculated the overall import requirements of the country. As a result, estimated surpluses of 187,250 metric tons of rice and 70,000 tons of corn were on hand at the end of 1958. With another large crop expected in 1959, the government is trying to export these surpluses. Plans are to export a total of 130,000 metric tons of rice and 20,000 metric tons of corn. Recently, initial shipments of 24,000 tons of rice and 8,000 tons of corn were approved by the Philippine Cabinet.

Wheat flour: Imports of wheat flour reached a record high in 1958, amounting to 298,306 metric tons, or 4 percent more than 1957. Domestic consumption during the year was estimated at 279,320 metric tons. The year 1958 marks the first time the Philippines imported unmilled wheat. Nearly 9,000 metric tons were imported for use by Republic Flour Mills, the first wheat flour mill in the country. Republic is now supplying 20 to 25 percent of local requirements. A second mill, the Wellington Mill, is scheduled to start operations early in 1960. It is expected that the importation of unmilled wheat will increase, and that there will be a corresponding decrease in wheat flour imports.

The United States continues to be the principal source of wheat flour imports. It supplied about 67 percent in 1958 compared with only 52 percent in 1957. Canada's share of the total decreased from 39 percent in 1957 to only 31 percent last year. All of the wheat imported into the Philippines in 1958 was supplied by the United States.

According to the Agricultural Economics Division (AED) of the Department of Agriculture and Natural Resources (DANR), annual per capita consumption of wheat flour has increased to about 26.6 pounds from only 13.7 pounds in 1940. Wheat flour in the form of bread and pastries apparently has been gaining consumer preference.

Root crops: Of the total food consumed in 1958, 18 percent consisted of root crops. Sweet potatoes and cassava made up 86 percent of the total root crop consumption while white potatoes represented only 1 percent. A small part, 2.4 percent, of the population subsists mainly on root crops. These people live mainly in areas frequently hit by typhoons, which makes it difficult to grow other than root crops.

Imports of white potatoes amounted to 357 metric tons in 1958. Supplies of other root crops were sufficient; however, consumption was concentrated during a few months after the harvest periods due to lack of storage facilities.

Fruits and nuts: Production of fruit in 1958 was 714,000 tons, up 6 percent from the previous year. Bananas account for about half of the fruit produced. Imports of fruits and nuts totaled 6,436 metric tons. About 63 percent came from the United States. Fresh deciduous fruits constitute the bulk of fruit and nut imports. In 1958 they made up 38 percent of the total, while citrus accounted for 20 percent.

Lack of storage facilities in production centers makes it impossible to have a continuous supply of local fruits during the year. About the only fruits that are available throughout the year are the numerous varieties of bananas, papayas, and coconuts. While there is a large pineapple canning factory in Mindanao, most of the production is exported. The Rose Packing Corporation is now canning mango halves but most of this output is also exported. There are a number of small factories making fruit preserves. One of them, the Genato Commercial Corporation, turns out a fruit jelly made of guava, tamarind, and santol.

Vegetables and pulses: Domestic production of both vegetables and pulses is below requirements as defined by NEC. Production of vegetables in 1958 was 184,500 metric tons, about 4 percent over 1957. Bean and pea production was 47,800 tons, or 8 percent more than 1957. Despite the increase in production, total consumption of vegetables and pulses was only 14 and 33 percent, respectively, of requirements.

Imports of vegetables and pulses in 1958 amounted to 6,718 metric tons. About 47 percent by value were imported from the United States, compared with 84 percent in 1957.

Coffee and cacao: Production of coffee in 1958 was estimated at 9,600 metric tons, or 16 percent over 1957. Imports of coffee have declined considerably since 1949 because of import controls. Arrivals of raw or green coffee during the last 5 years average about 3.5 million pounds compared with 15 million pounds in 1949.

The Philippines has always been a net importer of cacao and cacao products. For the 5-year period 1952 to 1956, imports of cacao and cacao products in terms of beans, averaged about 5.3 million pounds or 63 percent of the total supply. The United States has been the principal supplier of cacao products in recent years. Ceylon and Mexico are the principal sources of cacao bean imports, supplying 77 and 72 percent of the total imports in 1957 and 1958, respectively.

Because of increasing demand, deficient local production, and reduced imports, prices of both items have advanced to high levels. A nation-wide interest in coffee and cacao raising has resulted. Per capita consumption is on the uptrend for both crops, and with a growing population, there is a need for substantially increased production.

Fats and oils: While copra ranks as an important export, it is also the main source of local fats and oils for food. Domestic production of animal and fish fats and oils is negligible. Of the total commercial production of oil in 1958, amounting to 212,280 metric tons, 121,200 tons or 57 percent was utilized locally. The trade estimates that about 40 percent of the total oil utilized locally is used for food and the balance goes into the manufacture of nonfood products. Per capita consumption of fats and oils is only 15 percent of NEC requirements.

Development of the Philippine coconut industry suffered a setback due to the drought of 1957 and 1958. Output of copra and coconut oil, in terms of copra equivalent, totaled 1,125,637 tons, a decline of 18 percent from 1957. Copra exports totaled 782,389 tons (including estimates of non-registered exports), and copra crushed for oil amounted to 343,248 tons (including homemade products). This compares with the previous year's exports of 1,028,515 tons and crushings of 337,142 tons. Production of desiccated coconut in 1958 totaled 49,642 tons, a decline of 9 percent from the previous year.

Sugar: Production of centrifugal and noncentrifugal sugar in 1958 was 14 percent higher than the previous year; however, per capita consumption remained about 20 percent below requirements.

Sugar is an important export crop, ranking second only to coconut products. Cane is ground the year-round with the bulk of production during the first quarter of the calendar year. Centrifugal production during 1958 totaled 1,205,432 tons, about 15 percent larger than the previous year. The substantial increase in production is attributed to the improved quality of canes produced. Centrifugal sugar production in 1958 filled quota requirements totaling about 1.2 million metric tons.

In addition to centrifugal sugar, native sugar (muscovado and panocha) is produced in all sugar regions, principally for domestic consumption. Production of native sugar in 1959 is estimated at 68,100 tons, about 3 percent more than 1958. Exports of native sugar are usually limited; however, in 1958 the Philippines exported 61,060 tons, principally to the United States, Hong Kong and Japan.

Dairy products: The Philippines imports most of its dairy requirements. In 1958 imports amounted to 91,173 tons, only 77 percent of 1957 imports by value. The United States supplied 73 percent of the total dairy imports, both by volume and value. In 1957 the United States share by value was 63 percent.

Consumption of dairy products, especially milk, decreased considerably in 1958, because of lower imports. Per capita consumption of milk last year was only 17 percent of NEC recommended requirements, compared to 23 percent in 1957.

Table 2. Republic of the Philippines: Exports and imports of principal food commodities by quantity, 1958.

Commodity	Exports		Imports	
	Total	To U. S.	Total	From U. S.
	Metric Tons	Metric Tons	Metric Tons	Metric Tons
Cereals:				
Rice, milled	30	-	195,717	74,429
Corn, shelled	-	-	20,640	-
Wheat flour ^{1/}	-	-	298,306	199,746
Wheat, unmilled	-	-	8,622	8,622
Fruits and nuts:				
Citrus	-	-	1,265	1,037
Fresh, deciduous	1,527 ^{2/}	-	2,455	937
Canned	28,524 ^{3/}	24,061	542	224
Dried	-	-	320	280
Fruit preparations	8,665 ^{4/}	8,638	1,777	1,530
Nuts and preparations	216	185	77	29
Vegetables	1	-	3,567	1,780
Soybeans	-	-	2,316	2,176
Beef and veal	-	-	18,047	515
Dairy products:				
Butter	-	-	543	35
Cheese	-	-	905	495
Evaporated milk	-	-	57,277	47,895
Condensed milk	-	-	11,156	12
Powdered and dryskim milk	-	-	18,374	17,871
Other milk products	-	-	2,895	574
Coffee	^{5/}	^{5/}	1,661	163
Cacao	242	242	2,028	111
Fats and oils:				
Vegetable oils edible	339	19	-	-
Animal fats	-	-	39	23
Sugar:				
Centrifugal	951,910	905,645	-	-
Noncentrifugal	61,063	57,324	-	-

^{1/} Excluding unenriched flour for use as glue extender in plywood industries.

^{2/} Mostly mangoes.

^{3/} Mostly pineapple.

^{4/} Mostly pineapple juice.

^{5/} Less than 500 kilos.

Eggs and fish: Egg consumption on a per capita basis increased from 60 percent of requirements in 1957 to 78 percent in 1958. Per capita consumption of fish and fish products also increased substantially. However, consumption was still below NEC requirements. Last year consumption was 78 percent of requirements as compared to 68 percent in 1957.

Meat products: Livestock population of the Philippines from 1954 to 1959, including poultry, increased 53 percent. The total estimated livestock population in 1959 is more than 26 million. Poultry registered the greatest growth in population with a 55 percent increase. Large animals (carabao, cattle and horses), increased 31 percent while small animals (hogs, goats and sheep), rose 39 percent.

Meat production in 1958 amounted to 227,000 metric tons, an increase of 11 percent over 1957. Pork made up 63 percent, beef, 16 percent, and chickens, 14 percent.

Imports of meat and meat products in 1958 amounted to 20,366 metric tons, only 12 percent of which came from the United States. By value, meat and meat products imported last year increased 16 percent over 1957. The U. S. share in 1958 was only 15 percent by value as compared to 32 percent the previous year. Beef and veal accounted for 89 percent of the meat and meat products imported last year.

The ban on carabao slaughter is still in force. This may account in part for the increase in imports of meat and meat products. Per capita consumption in 1958, though only 32 percent of requirements, registered an increase over 1957 when per capita consumption was only 21 percent of requirements.

Outlook

Despite the opening of new agricultural areas, a slowly increasing adoption of better farming techniques, and increased government services to farmers, Philippine agricultural production made little progress during 1958 and is expected to make only moderate gains over the next few years.

Another record rice and corn crop is forecast for 1959, about 6 percent above 1958. However, root crop production is down more than 3 percent, fruit production is down over 9 percent, and vegetables and pulses are about the same as 1958.

The prospects for sugar in 1959 are uncertain. The current crop is now forecast about 10 percent larger than 1958. This would be 125,000 to 130,000 tons above the combined quotas (U. S., domestic, and free world). Philippine exports to the United States and Free World markets are limited to 863,640 and 42,000 metric tons, respectively. Unless the Philippines obtains increased quotas in these markets, it will have the problem of surplus sugar.

It is now apparent that the 1959 coconut crop will be substantially below the poor 1958 crop, probably 20 to 25 percent. Overall precipitation was below normal in 1958 despite heavy rainfall from June to September. The combined registered copra exports and commercial crushings for oil during the first nine months of 1959 are about 22 percent below the comparable period in 1958.

With an uptrend in meat consumption, conditions point to more expansion in livestock production, especially swine and poultry. Meat imports, however, may suffer decreases due to the 25 percent margin fee on foreign exchange for imports.

Increased imports of nonfat dry milk are in prospect. Local production of evaporated filled milk may reach 3.2 to 3.3 million cases in 1959. It was first thought the enactment of the 25 percent margin and the reimposition of the 15.3 percent special import tax would curtail imports; however, a recent decision by the Undersecretary of Justice gives evaporated whole milk exemption from the margin law. Since National Marketing Corporation (NAMARCO) imports are exempt from the 15.3 percent tax, milk imports might be increased.

Perhaps self-sufficiency in the basic cereals, rice and corn, can be attained in 1959, but deficiencies in other food commodities will continue for several years.

Official Business

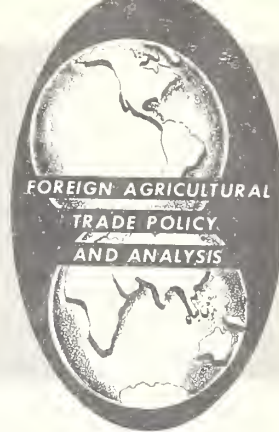
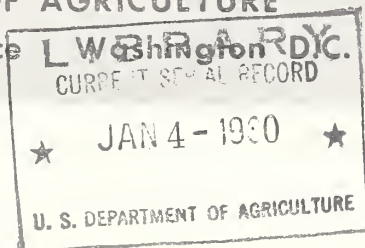
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F A T P 33-59
December 15, 1959

WEST INDIES FEDERATION AND OTHER BRITISH

CARIBBEAN TERRITORIES LIBERALIZE TRADE

In the early part of 1959, and again from July to October, the federation of The West Indies and other British territories in the Caribbean approved measures liberalizing trade with the United States and other dollar area countries. These steps were in keeping with the decisions at the Commonwealth Conference at Montreal in September 1958, and followed similar action taken by the United Kingdom.

The federation, composed of 10 island colonies, has not yet formed a customs union; therefore, the island governments at varying times individually approved the liberalization measures, which differ in content from island to island, depending on what are felt to be the protection needs of local industry.

The liberalization measures of all the British territories in the Caribbean permit all goods from the United States and other dollar area countries to be imported under open general license. The only exceptions are those items listed in a given schedule which require a specific import license. Issuance of licenses for agricultural items on the controlled import schedules will depend upon internal considerations only, and not, as before, upon the simultaneous availability of currency allotments.

The West Indies

Two items, rice and fats and oils, remain under control in all the islands of the federation because of regional agreements between The West Indies and British Guiana which prohibit the import of these items from outside the area unless supplies are insufficient to meet local needs. Recently, there has been some decline in copra production in the area from severe drought and an attack of Red Ring disease.

Fats and oils include all oil-bearing materials, vegetable, animal and marine fats and oils, edible and inedible, including manufactured products of which the principal component is fat, such as margarine, shortening and soap, and excluding animal ghee, flaxseed and linseed oil, tung nuts and oil, castor beans and oil, oitica oil, perilla seed and oil, and other waxes.

Additional items of interest to the United States remaining under control by each island are:

Barbados: cereals and cereal products, cottonseed meal, shell eggs, poultry meat, prepared poultry feeds, and alimentary pastes.

Jamaica: sugar, wheat flour unenriched, cornmeal, cottonseed meal, shell eggs, poultry meat, canned, evaporated and sweetened condensed milk, milk based infant and invalid foods, potatoes, canned pineapples and pineapple juice, cocoa powder, coffee and imitations, manufactured tobacco (including cigarettes), and unmanufactured, excluding leaf tobacco.

Trinidad: List A - poultry meats, fresh, chilled or frozen, eggs in shell and not in shell, commercially mixed meals for farm animals and essential oils. List B - live poultry, citrus fruits, fresh or preserved, arrowroot and starches, manufactured fertilizers, and oilseed cake and meal. Quotas on the items in List A will be determined on the basis of the 1958 import data. The items in List B will in all probability be restricted to essential requirements.

Leeward Islands: Antigua: cornmeal and cigarettes; Montserrat: fertilizers; St. Kitts-Nevis: no agricultural items listed.

Windward Islands: Dominica: sugar, wheat and wheat products; Grenada: sugar, butter, shell eggs, poultry meat, live poultry, except chicks one week old or under; St. Lucia: unrefined sugar and shell eggs; St. Vincent: sugar, wheat and wheat products, eggs, live chickens, and meat.

As a result of trade liberalization, dried milk and leaf tobacco are released from licensing in all the islands, and dried eggs in all except Trinidad. Though many of the principal food imports such as wheat flour (unenriched) are still licensed, trade with the federation is expected to increase.

The West Indies is a rapidly growing market. This is borne out by the fact that total imports increased from over \$45 million^{1/} for 1936-38 to about \$365 million in 1955 and \$467 million in 1957.

^{1/} This figure would still be small even if devaluation of the pound and inflation were taken into consideration.

U.S. agricultural exports to The West Indies, by territory

Territory	1955	1956	1957	1958
	<u>Thousand dollars</u>			
Barbados	733	572	1,013	970
Jamaica	5,928	6,700	8,474	8,832
Trinidad and Tobago	3,058	4,474	6,590	7,054
Leeward and Windward Islands <u>1/</u>	762	1,073	1,004	1,240
Total	10,481	12,819	17,081	18,096

1/ Includes the British Virgin Islands; data not given separately.

Source: Foreign Agricultural Trade of the U.S., Foreign Agricultural Service, U.S. Department of Agriculture.

Agricultural products imported by the federated islands in 1955 amounted to over \$72 million. Of this amount, the United States supplied over \$10 million worth, largely food products. The value of agricultural commodities supplied by the United States in 1957 exceeded \$17 million and rose to \$18 million in 1958.

The rapid population increase makes continued increased imports of foodstuffs necessary, notwithstanding the gradual increase in local production of some food items. Higher incomes and changing tastes, particularly in Jamaica and Trinidad, cause an increasing demand for a greater variety of foodstuffs. Contact with tourists in all the islands is contributing to this awareness of, and demand for various foods and consumer goods. The majority of the tourists are from the United States, which is the closest market for the many commodities desired.

Other British Territories in the Caribbean

Agricultural items remaining under control by other British territories in the Caribbean follow:

Bahamas: various poultry and dairy products, tomatoes and pineapples.

British Guiana: sugar, wheat, corn, cornmeal, rice, starches, cattle, poultry meat, eggs, milk, coffee, fats and oils (by regional agreement),

oil-bearing seeds, root vegetables and tubers, and manufactured tobacco (including cigarettes).

British Honduras: cattle and swine for slaughter, meat, fresh, chilled or frozen, including poultry meat, shell eggs, dried beans, peas, rice, and sugar. Fresh vegetables are included for seasonal protection. Cigarettes, citrus juices and corn are included largely for latent protection.

British Virgin Islands: flour.

In all these territories leaf tobacco is released from licensing. Milk remains under control in the Bahamas and British Guiana, and dried eggs in British Guiana.

Total imports by these territories in 1958 were: Bahamas \$46.2 million; British Guiana \$67.8 million; and British Honduras \$13.0 million.

In 1958 U.S. exports to the Bahamas amounted to \$32.6 million, of which \$4.5 million was for agriculture. Of this amount, \$1.6 million was for meat and meat products (not including poultry), and \$457,000 for poultry feeds and corn feeds.

U.S. exports to British Guiana in 1958 totaled almost \$8 million. Agricultural items accounted for \$2.6 million, about half of this amount (\$1.5 million) being for wheat grain and flour; poultry feeds amounted to \$245,000.

British Guiana imports 7 times as much milk as it produces. In 1957 it spent \$3.3 million for milk. The United States supplied \$32,000 worth of nonfat dry milk solids in 1957 and \$84,600 worth in 1958, together with \$14,100 worth of dried whole milk.

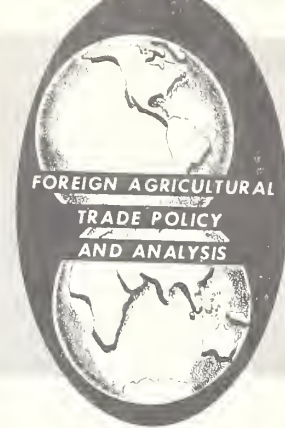
Exports to British Honduras from the U.S. in 1958 amounted to almost \$5 million, the largest amounts being for wheat flour (\$403,000) and rice (\$208,000).

The British Virgin Islands' data are generally included with the other Leeward Islands, but the 1950 figures give an idea of the value of trade with this territory. Total imports were \$904,000. Grain imports (mostly wheat flour), amounted to about \$10,000. It is probable that all imports have increased. The U.S. dollar has been made legal tender in the British Virgin Islands because of the latter's proximity to, and close economic ties with the U.S. Virgin Islands.

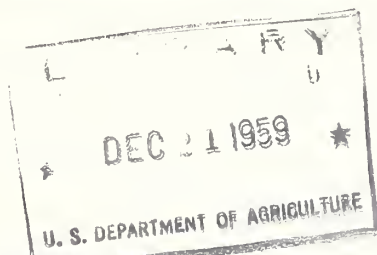
Some items on the new schedules of The West Indies and other British territories in the Caribbean may have been permitted under the operation of the British West Indies Trade Liberalization Plan (Token Import Scheme). The plan will be terminated beginning January 1, 1960 as agreed to by the United States, the United Kingdom, and Canada, but it has also been agreed that these items will have access generally to West Indian markets on terms no less favorable than in the past.

FOREIGN AGRICULTURE CIRCULAR

U.S. DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service Washington D.C.



F A T P 34-59
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COLOMBIA'S AGRICULTURAL

AND TRADE POLICIES

Colombia intensified its austerity program somewhat during the past year as it attempted to solve its balance-of-payments problem and to slow down inflation. It also pursued its long-range goal of agricultural self-sufficiency by providing incentives to increase production.

The austerity program was initiated late in 1956 when it became evident that measures would have to be taken to conserve foreign exchange. Colombia at that time was spending large amounts for imports, and export earnings were expected to diminish in the face of falling world coffee prices. The situation was aggravated further by rising prices in the expanding economy. The government, therefore, felt it necessary to embark on a belt-tightening program.

This program was tightened in the last year. Higher duties were levied on imports. New exchange controls were put into effect to prevent the leakage of foreign currency. In addition, price ceilings were placed on consumer food items to control inflation. One exception to the general austerity policy was the removal in recent months of a few scarce commodities from the prohibited import list.

At the same time, Colombia continued to encourage greater production of agricultural commodities through such means as support prices and an expansion in the credit facilities available for agriculture.

Colombia's agricultural output has responded to these stimuli, but has not grown much faster than population. Cotton production has risen so rapidly that Colombia hopes soon to be self-sufficient in this commodity. Rice and vegetable oils have done well, also. Coffee output has trended upward, as in most producing countries.



On the other hand, the value of Colombia's foreign trade has decreased. In 1958, both exports and imports were at the lowest point since 1950. Total exports from Colombia were valued at \$461 million in 1958, while imports amounted to \$400 million, giving a favorable trade balance of \$61 million (all figures exclude unknown amounts of contraband trade).

Agricultural commodities made up about 80 percent of total 1958 exports, with coffee exports of \$355 million by far the major item. Coffee exports, however, were down 9 percent in value from the previous year, as larger volumes failed to offset lower prices.

The main agricultural imports in 1958 were copra, raw cotton, wheat, cacao, malt, and refined sugar. Agricultural imports -- which amounted to only 15 percent of total imports -- were \$58 million in 1958, compared with \$64 million in 1957 (a decline of 10 percent).

The United States is Colombia's largest trading partner, buying most of Colombia's coffee and selling sizable amounts of cotton, wheat and flour, barley malt, tallow, and hops, as well as manufactured goods, to Colombia.

The austerity program with its stringent import restrictions is likely to be continued as long as Colombia's foreign exchange problem exists. Prospects are for a gradual overall expansion of Colombia's agricultural production and a government effort to augment reduced coffee export earnings by increasing returns from exports of other commodities.

AGRICULTURAL TRADE REGULATIONS

The Colombian Government has used three principal means to control agricultural trade in recent years: tariffs (including import duties, import surcharges, and export taxes); quantitative controls; and controls on exchange.

Tariffs

The most significant development in the regulation of agricultural trade during the past year was the issuance of Decrees 1345 and 1346 on May 10, 1959, which revised Colombia's tariff schedule.

Most commodities imported into Colombia carry both a specific and an ad valorem duty. The new decrees raised these duties on most items produced in Colombia. Of the items which are important to U.S. agriculture the largest increases were on cigarettes, cotton, wheat, barley, and barley malt. Most agricultural equipment, fuel, insecticides, fertilizers, and semen may still be imported duty free. (See Foreign Agriculture Circular, FATP 15-59 for a more detailed discussion of the new tariff schedule.)

While the old 10-percent import remittance tax was removed by the May 10 decrees, the new rates more than compensate for this removal in most cases. Part of the effect of these duty increases is cushioned by the fact that the import of many important agricultural products is through governmental agencies that do not pay duties.

The special import surcharges required to be deposited with the Central Bank were also revised by the new decrees. These surcharges are designed, mainly, to promote national production of certain agricultural products.

Colombia also taxes most export commodities. Coffee and bananas both have an export tax of 15 percent. Tobacco formerly carried the same rate, but this has been reduced to 2 percent. The majority of the other exports are subject to a 2-percent export tax. Coffee exporters must also turn over 15 percent in kind to the National Coffee Growers Federation for stockpiling purposes.

Quantitative Controls

Another device used by the Colombian Government to regulate trade is the prohibition of certain imports and exports by commercial traders.

The total number of commodities on the prohibited import list was reduced by the new decrees. The remaining prohibited commodities of importance to U.S. agriculture are: livestock and poultry except for breeding; meats; powdered milk, cream; butter; cheese; rice; corn; vegetables for consumption; oranges, lemons, and other citrus fruits; figs; dates; apples; stone fruits; peanuts; soybeans; leaf tobacco (except cigar-wrapper); hydrogenated fats and oils (except denatured fats); lard; oleomargarine; crude soybean and cottonseed oils; and cotton linters.

Items in short supply which may now be imported include: breeding cattle and poultry; hatching eggs; wheat; flour containing less than 10 percent gluten; semolina for pastes; barley and malt; oats; sesame seed; cottonseed; inedible tallow; denatured fats; non-sweetened fruit juices; baby foods with milk base; cigarettes; and cigar leaf wrapper. Cotton may only be imported with the approval of the Ministry of Development. A prior license must be secured from the National Superintendent of Importations before some commodities may be imported.

The following agricultural commodities may not be exported: rice, cacao, wheat, beans, milk and derivatives, beef and pork, cattle, horses, poultry, goats, sheep, vegetables, oilseeds and cake, cotton, sugar, barley, hides, tanned skins, and crude leather. The Colombian Government prohibits these exports to prevent price increases and domestic shortages.

Exchange Controls

Under the austerity program, Colombia has set up a certificate dollar market through which most trade moves. Dollar earnings from exports of coffee and bananas have to be sold to the Central Bank for exchange certificates redeemable at a fixed rate of 6.10 pesos per U.S. dollar.

The amount of dollar earnings that must be turned over to the Bank is based on a surrender price previously established on each export commodity (coffee is currently about \$65 per 154-pound bag). If the actual sale price is lower than the surrender price, the exporter has to make up the difference to the Bank.

Agricultural exports other than coffee and bananas move at the free-market rate, which fluctuated around 8.00 pesos per U.S. dollar for some time but strengthened to about 7.00 pesos per U.S. dollar recently.

The exchange certificates, used to pay for all authorized imports, are now auctioned at the Central Bank two days a week at a rate of approximately 6.40 pesos per U.S. dollar. The profits accruing from the difference between the rate at which the Central Bank buys dollars from exporters of the major commodities and the auction selling rate are used, largely, to finance coffee price supports and stockpiling.

A recently announced change increases the import deposit rate from 100 percent to 130 percent of the value of the goods to be imported. This applies to all agricultural commodities except wheat, wheat flour, semolina, barley, oats, copra, and cacao which still have a deposit rate of 20 percent. The period that such deposits will be retained after arrival of the goods was increased from 60 to 90 days.

INTERNAL MARKET AND PRICE REGULATIONS

Colombia employs both price supports and retail price ceilings to regulate the internal market and prices.

Price Supports

Minimum prices are set on the major foodstuffs, oilseed crops, cotton, and coffee. Price support levels have been moving upward on most commodities in recent years in line with the policy of promoting self-sufficiency in agricultural production.

There has been a rapid shift to cotton, chiefly, because of the particularly favorable price guarantees on this crop. This trend has continued this year since the minimum price on cotton was fixed at 18 percent above that in 1958.

Soybeans are another crop which has been given a boost by price supports. The support level for 1959 is 45 percent above 1958.

Wheat has consistently had high price-support encouragement, but production has been limited by adverse climatic conditions and the lack of suitable land. Barley, a shorter season crop, also competes for the same land. The price support for wheat is 8 percent higher in 1959 than in 1958. Slightly higher price supports have also been placed on cottonseed, rice, and corn. On the other hand, minimum prices on coffee have been lower in the last few years, along with world coffee prices.

Retail Price Ceilings

The Colombian Government imposed ceiling prices on the major foodstuffs early in 1958 to slow down the rising cost of living.

Decree No. 378 of 1958 established maximum retail prices at the November 1957 level on the following items: vegetable fat, rice, peas, lentils, wheat, potatoes, cooking bananas, yucca, eggs, milk, lard, butter, cheese, chocolate, meats, flour, sugar, salt, beans, and corn.

The same ceiling prices still apply to all items in the original group except beef, milk, and vegetable fat. The ceilings on these three items have been raised. Retail prices on most of the controlled items have risen slower since the ceilings were applied.

AGRICULTURAL DEVELOPMENT

Numerous programs, organizations, and services have been initiated and much legislation has been passed to advance Colombia's agriculture. Their effect so far has been limited, but future benefits could be substantial if they receive sufficient financial and other support.

Intensification of Land Use

One attempt to increase agricultural production was the issuance of Decree 290 in November 1957. Under this decree, land is classified into one of the following:

Type I. Within 1 year after being so classified, 25 percent of this land must be in cultivation.

Type II. Of this land, 15 percent must be cultivated within 1 year.

Type III. A minimum of 10 hectares must be cleared when the area is over 50 but less than 200 hectares (1 hectare equals approximately 2-1/2 acres), 10 percent when the property exceeds 200 hectares.

Type IV. All may be kept as grasslands or forests.

Farmers not complying with the cultivation requirements of the decree in 1958 were to pay a tax penalty equal to 2 percent of the official appraised value of all cultivable land in excess of 50 hectares that they possessed or rented that year. The tax penalty is 3 percent in 1959, and will be 4 percent in 1960, 5 percent in 1961, and 10 percent in 1962 and subsequent years. Tax concessions are given to farmers who invest in agricultural machinery and other equipment for better farming.

To put the November 1957 decree into operation several pilot areas were selected, but enforcement of the provisions of the decree has been lax even in these areas. It is reported, however, that some farmers have started putting part of their land into cultivation in anticipation of future enforcement of the decree.

Water Control

In the field of water control, progress has been slow; but more attention has been focused on water control in recent years. It is estimated that Colombia's present irrigated area is about 500,000 acres.

The most important water control program being developed in Colombia at the present time is the Cauca River Valley Project. The valley contains about 1 million acres of very flat and fertile land which could be farmed efficiently with proper control of water. Initial construction has begun in the upper Cauca River Valley some 150 miles southwest of Bogotá and is at present confined mainly to the Department of Valle del Cauca.

The project is administered by a regional board composed of experienced business leaders and is expected to provide irrigation, drainage, and flood control; soil and wildlife conservation; and the development of electrical power, agriculture, mineral resources, and transportation. Over 40,000 acres of good land are now being drained and are expected to be ready for use next year.

In addition, agricultural extension service in the Department of Valle del Cauca has been expanded with ICA technical assistance. The region's soils are also being mapped and analyzed in detail.

Funds for the project are now coming mainly from real estate taxes on large land holdings benefiting from the project, and from economic development loans under Public Law 480 programs of the United States. Lesser amounts are budgeted by the Department of Valle del Cauca and the national government.

Four additional water control projects were approved recently. Upwards of 2 million acres of land are available for irrigation in the area encompassed by these additional projects. About 50 million pesos have been earmarked for them so far.

Resettlement

Resettlement has been given increasing attention due to the fact that many areas are thinly populated, while others -- including most of the developed farming areas -- have too many people for the land resources.

A few colonies have been established in the last few years. One of the largest is the Ariari Colony, about 100 air-miles southeast of Bogotá. This colony has some 15,000 people, mostly farmers and their families, who have about 7,500 acres under production. The main crops are yucca and cooking bananas. The government recently announced that it is making 34 million more pesos available for loans to colonists.

A new law passed in May 1959 (Law No. 20) provides for resettlement of persons displaced from their land because of "banditry," of farm workers having no land, and of landowners who can no longer farm profitably because of land erosion and other factors. Under this law, most of the resettlement is to be done on government lands, but there is also a provision in the law for the expropriation of private properties through judicial proceedings. Another provision requires commercial banks and saving funds to invest 10 percent of their savings deposits in the resettlement program.

Credit and Taxes

The Colombian Government channels credit to farmers through the commercial banking system and through the Agricultural Credit Bank (Caja Agraria).

Agricultural loans made up 20 percent, commerce 44 percent, and industry 25 percent of all outstanding commercial bank loans on December 31, 1958. The government is trying to increase agriculture's share by requiring the commercial banks to increase the percentage of loans going to farmers at low interest rates. Other private sources of agricultural credit are the crop institutes and the private money lenders.

Loans made by the Agricultural Credit Bank were at a record high of 486 million pesos in 1958, 173 million pesos more than in 1957. All other official banks loaned, roughly, 50 million pesos to farmers in 1958. The Agricultural Credit Bank charges comparatively low rates of 6 to 9 percent for most agricultural loans, depending on duration. To prevent speculation and to provide more even distribution of credit, the Bank limits the funds that any one person may borrow. A high proportion of the loans made by the Agricultural Credit Bank, as well as by the commercial banks, go to livestock farmers. This sector received 47 percent of the total amount loaned by the Bank in 1958.

Farm taxes in Colombia continue to be very low. Land evaluation for tax purposes is made by the landowner himself. Law 26, passed this year, provides a further inducement to farming by exempting all breeding cattle from the property or patrimonial taxes.

Agricultural Organizations

A budget of 35 million pesos has been allocated to the Colombian Ministry of Agriculture in 1959, compared with 38 million last year. Agriculture's share of the total budget in 1959 is 2.3 percent, while agriculture accounts for approximately 40 percent of the gross national income.

Several agencies complement the work of the Ministry of Agriculture in increasing Colombia's agricultural production. The National Institute of Food Supply (INA) was established by the government to regulate both domestic and foreign trade in basic commodities like rice, beans, corn, potatoes, wheat and flour, and most of the oilseeds. When the basic foodstuffs are in short supply they are imported by INA to alleviate the shortages and prevent undue inflation. These imports are without duty. Furthermore INA administers support prices on most foodstuffs and has storage facilities to prevent spoilage.

Although not a government agency, the National Coffee Growers Federation controls the production and marketing of most of Colombia's coffee.

In the field of livestock, there are several associations (most of which deal with one particular breed). Other important organizations are the National Federation of Rice Growers, the Cotton Institute, and the Tobacco Institute. Three new organizations have been formed in the last year: an association of sugar growers, a cacao association, and a group to represent all cattle ranchers.

The strongest policy-forming group is the Colombian Agricultural Society, composed mostly of large farmers.

Agricultural Research, Education, and Extension

One of the most important research agencies is the Office of Special Investigations (OIE), staffed by the Ministry of Agriculture and the Rockefeller Foundation.

The Office has placed primary emphasis on finding new varieties of food crops. The experiment station system has been organized into five major zones, based largely on climatic factors. A significant development in 1958 was the commercial distribution of a new potato variety to the upland areas of the country.

The Institute of Technological Investigations began functioning as an autonomous resource planning and research organization in 1958. Prior to this time the Institute operated under the Agricultural Bank. It has an agreement with the Armour Research Foundation to obtain technical assistance on a reimbursable basis.

The Institute has a well-trained and experienced staff. Recent research has concentrated on better utilization of Colombian agricultural products such as coffee, potatoes, corn, soybeans, and divi-divi (pods of a small tree, containing tannic and gallic acid); use of domestic materials for fertilizers, insecticides, and livestock feeds; and the design and production of agricultural machinery suitable for small-scale farming.

STACA, the joint ICA-Colombian agricultural mission, has recently added a cacao expert, an extension specialist, and an agricultural economist to its staff. The mission intensified its grass, legume, and citrus improvement and cacao-development campaigns. A number of Colombians have been trained in agricultural subjects under ICA auspices. Some of the Colombian currency received by the United States under the Public Law 480 agricultural surplus disposal program was loaned back to Colombia for economic development purposes.

The Food and Agriculture Organization of the United Nations carries on activities in the fields of agricultural statistics, soils photoanalysis, agricultural planning, and tropical oil crops.

New agricultural engineering buildings were constructed last year at Medellín and Palmira, Colombia's two principal schools that give agricultural training on a college level. Michigan State University recently signed a new contract with the National University and the Kellogg Foundation to give direct technical assistance to the agricultural colleges at Medellín and Palmira. The University has, in the past, cooperated with ICA on several projects at these two schools. An economic research center has been started at the University of the Andes in Bogotá. A new economics school has been incorporated into the University of the Valle in Cali and is expected to emphasize agricultural economics. A small private agricultural school began operation last January in Bogotá.

The Colombian Government and the institutes for the major crops have been disseminating technical advice to agricultural producers. The extension program conducted in the Department of Boyaca by STACA was extended into another Department during the past year.

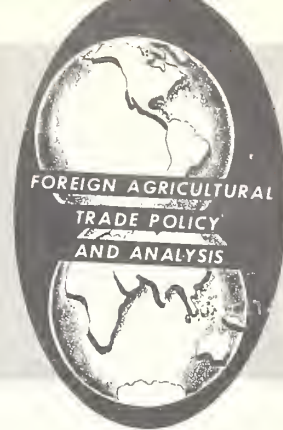
The Agricultural Credit Bank recently began training personnel for a national supervised agricultural credit program which is to be used to encourage diversified agriculture and to promote agricultural cooperatives. The Bank continued its program of distributing agricultural machinery and supplies to Colombian farmers in the past year.

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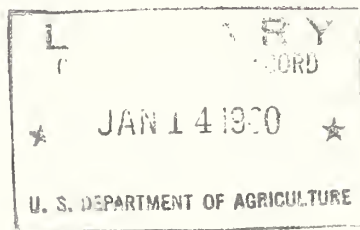


U.S. DEPARTMENT OF AGRICULTURE
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INDONESIA'S AGRICULTURE AFFECTED

BY CHANGES IN ECONOMIC POLICY



Indonesian agriculture, as well as the economy of the country, has been affected during the past year by inflation, monetary reform measures, shortage of transportation, internal strife, below-average production of some export crops, and reduced exports with accompanying reduction in foreign exchange earnings. Some of these difficulties appear to have arisen from recent changes in the control and management of estates, shipping, foreign trade, and commerce.

In spite of its problems, Indonesia's production of food crops in 1959 is slightly above 1958 and substantially more than 1957. Production of the principal export crops has remained about the same for the past 5 years, but the actual volume of exports in 1959 is below that for 1958 and considerably less than in 1957. Stocks of agricultural commodities have tended to increase in certain areas and serious shortages have prevailed in other areas--even on the same island--due mainly to difficulties in the distribution system.

Public Law 480 commodities, especially cotton, have helped Indonesia meet import requirements during 1959. However, reduced exports and foreign exchange earnings have resulted in fewer imports of agricultural commodities. Also, trade has been directed toward barter arrangements--several with Communist countries.

Economic Conditions

The Republic of Indonesia is an archipelago stretching over 3,100 miles from east to west. Its total area of about 576,000 square miles is less than one-fifth that of the United States, but its population of 89 million is about half that of the United States.

Java and the small nearby island of Madura, with less than 9 percent of the total area, support about two-thirds of the population. The remaining islands, called the Outer Islands, include many fertile but unexploited areas. Overpopulation of Java and underutilization of resources elsewhere has caused serious supply and distribution problems.

Transportation for commodities for consumption, as well as for export, has been insufficient; as a result, stocks of rubber, tea, copra, and other agricultural products have accumulated. In addition, lack of sufficient funds (both local and foreign exchange) have hampered production and exports of agricultural commodities. In 1958 there were several rebellions which interfered with estate crops and with exports. Financing of military and other expenditures has resulted in a 1959 deficit totaling Rp. 12 billion, compared with Rp. 8 billion in 1958 (Rp. 45 per U.S. \$1.00).

The large budget deficit has had an inflationary effect. As a possible corrective measure, the amount of rupiah in circulation was drastically reduced on August 25, 1959. Notes of Rp. 1,000 and Rp. 500 were cut to one-tenth of their former value. Bank accounts of Rp. 25,000 and over were frozen and plans were made to utilize those funds for loans.

Devaluation and freezing of bank accounts have discouraged the purchase and export of agricultural commodities and, to some extent, the planting of next year's crop. Although agricultural exports have been continued by the state-owned companies, they have declined in volume. Such exports include rubber to Mainland China, sugar to Singapore, and copra to Europe.

One obstacle confronting exporters is their general lack of cash with which to buy goods and pay export duties. On August 25, 1959, the government abolished the export certificate system and exports were made subject to a duty amounting to 20 percent of the exporter's selling price. The government also classified imports into six categories with tax rates of 0, 25, 50, 100, 150, and 200 percent, respectively. A list of commodities in the six categories has not, as yet, been released.

Production

With the exception of rice, eggs and dairy products, Indonesia's domestic production meets the food requirements of its population. In order to meet consumption needs of 8.6 million metric tons of rice, Indonesia is producing 92 percent and importing the balance. Production of dairy products is low, and even with limited imports, per capita consumption is probably one of the lowest in the world.

Rice production in 1959 is forecast at 7.9 million metric tons (milled), almost 5 percent larger than the previous year. Imports are required largely to supply the 1.25 million metric tons of rice needed for distribution to the army, police, and civil servants. Djakarta, itself, requires about 30,000 tons per month to meet the needs of its consumers.

The 1959 corn crop is forecast at 2.8 million tons, about 7 percent more than 1958. Root crop production is also up--about 8 percent. The sugar crop is forecast some 2 percent larger than last year. Fats and oil production in 1959 is about the same as the previous year. Fiber, tobacco, and tea production decreased slightly in 1959 as compared to 1958. Coffee production increased 36 percent in 1959, but was still 8 percent below the 1957 crop. Rubber production went up 5 percent, but remained 12 percent below the 1952-54 average of 742,000 metric tons.

Agricultural Policy

Indonesia's agricultural policy continues to be dominated by nationalism. This was indicated during the past year by the further takeover of former Dutch estates, trading firms, banks, and other enterprises--including dairy farms and packing plants; by the takeover of rice mills; and more recently by the ruling that after 1959 foreign nationals will not be granted licenses to do retail business in rural areas and small towns.

Indonesia's 5-year development plan for agriculture was passed in November 1958 and made retroactive to 1956. The plan calls for increasing food production by more intensive cultivation of existing cropland and the development of large-scale mechanized farms in the Outer Islands. Of the 12,500 million rupiah provided for expenditure, about 13 percent will be used to increase agricultural production and 25 percent will be spent on irrigation projects. In addition, 125 million rupiah were allocated for a 5-year rice plan, beginning in 1959, with the aim of self-sufficiency. A National Planning Board was established to draw up projects within the framework of the 5-year plan.

In May 1959, Parliament passed a bill calling for establishment of a government-owned institution designed to increase food production. The task of the organization is to: (1) Intensify food production by establishing paddy centers; (2) stimulate food production on dry lands, either by managing owned farms or by reclaiming land to be distributed among peasants; and (3) reclaim tidal lands.

This government-owned company has the status of a corporate body vested in Djakarta. Capital for a 10-year working program is set at 1 billion rupiah, entered as an item in the state budget. For expansion of the company's program, the amount may be increased from time to time.

Table 1.-- Indonesia: Acreage and production of principal crops, 1958 and 1959

Commodity	Acreage		Production	
	1958 ^{1/}	1959 ^{2/}	1958 ^{1/}	1959 ^{2/}
	1,000	1,000	1,000	1,000
	<u>acres</u>	<u>acres</u>	<u>M.T.</u>	<u>M.T.</u>
Rice	17,090	17,544	7,554	7,900
Corn	6,761	7,413	2,618	2,800
Cassava	3,250	3,459	10,972	12,000
Sweet potatoes	1,061	1,070	2,813	2,900
Peanuts	818	865	229	231
Soybeans	1,495	1,631	422	475
Sugar	243	245	1,063	1,085
Copra	5,182	5,182	1,449	1,449
Coffee	580	598	44	60
Pepper	73	74	22	24
Tea	295	294	70	68
Cacao	21	20	2	1
Fruit	^{3/}	^{3/}	9,000	9,000
Vegetables	^{3/}	^{3/}	12,000	12,000
Eggs	--	--	200	200
Meat	--	--	205	205
Milk	--	--	29	30
Nutmeg	23	23	4	5
Cloves	70	70	6	6
Cinnamon	37	37	25	25
Kapok	583	519	38	37
Sisal and Manila hemp	111	99	27	22
Oil palm:	222	222	-	-
Palm oil	-	-	148	135
Palm kernels	-	-	35	32
Tobacco	457	455	69	67
Cinchona	14	14	4	4
Rubber	2,965	2,965	662	655
Cotton	20	21	1	1

^{1/} Revised.

^{2/} Forecast.

^{3/} Not available.

Source: Central Bureau of Statistics, Indonesia.

Agreements were signed with Japan, the U.S.S.R. and Czechoslovakia for about 850 tractors and other necessary equipment for developing some of the farms. About 280 tractors arrived from Czechoslovakia in May, too late to be used in the rice-growing project in 1959.

Trade

Indonesia's 1959 foreign trade by value indicates improvement over 1958, a generally unfavorable trade year. Exports by value during the first 7 months of 1959 were 28 percent higher than the corresponding period for 1958 and approximately level with the same period in 1957. Rubber and petroleum, Indonesia's two major exports, showed the most improvement.

Indonesia has had a favorable balance of trade in 1959, as in previous years. However, in the past two years the favorable balance was maintained only by a severe cutback in imports, as the volume of exports was down from previous levels.

Export surpluses:--Although the value of Indonesia's trade is expected to increase in 1959, the quantity of exports will probably be about 8 percent lower than 1958. Tobacco exports have been hampered by the question of ownership of tobacco, which has resulted from Indonesia's takeover of Dutch tobacco estates. In addition to tobacco, exports of palm oil, palm kernels, copra, tea, coffee, cinchona, sisal, Manila hemp, and several other products are expected to be lower in 1959.

Of the basic food items only small amounts of cassava, peanuts, and soybeans are exported. Small increases are expected in exports of pepper, vegetables, and nutmeg. Exports of rubber, Indonesia's main foreign exchange earner, are expected to increase some this year over 1958. In addition to estimated exports of 600,000 tons in 1959, considerable quantities are probably smuggled out of the country.

Sugar exports in 1959 will probably drop to 50,000 tons, about 43 percent from the 1958 level. Indonesia has a great potential for increasing sugar production. Exports amount to only a part of the country's allotment under the International Sugar agreement.

Import requirements:--Indonesia's main agricultural import requirements are rice and raw cotton. Under the 1959 Public Law 480 agreement, Indonesia purchased over 132,000 tons of rice from the United States and agreed to a global marketing quota of 600,000 tons to be bought during the year beginning July 1959. Also, under the 1959 agreement, Indonesia purchased approximately 150,000 bales of cotton and gave a normal marketing assurance of 17,000 bales from the United States during calendar year 1959.

Table 2. Indonesia: Imports and exports of agricultural commodities, by quantity, 1958 and 1959

Commodity	Imports		Exports	
	1958 <u>1/</u>	1959 <u>2/</u>	1958 <u>1/</u>	1959 <u>2/</u>
	Metric tons	Metric tons	Metric tons	Metric tons
Rice	681,484	700,000	--	--
Corn	--	--	--	--
Cassava	--	--	21,182	75,000
Sweet potatoes	--	--	--	--
Peanuts	--	--	2,832	3,500
Soybeans	--	--	548	100
Sugar	1,695	1,500	87,167	50,000
Copra	--	--	118,644	110,000
Coffee	--	--	27,223	25,000
Pepper	--	--	12,125	18,000
Tea	--	--	34,601	31,000
Cacao	33	20	486	400
Fruit	6,774	5,000	922	500
Vegetables	600	500	18,244	20,000
Eggs	--	--	--	--
Meat	250	300	3,859	3,000
Milk	14,929	16,000	--	--
Nutmeg	--	--	1,698	2,000
Cloves	8,338	10,000	--	--
Cinnamon	--	--	5,247	5,000
Kapok	--	--	2,659	2,000
Sisal and Manila hemp	--	--	27,873	20,000
Palm oil	--	--	131,637	110,000
Palm kernels	--	--	35,531	30,000
Tobacco	3,327	5,000	21,219	15,000
Cinchona	--	--	4,055	3,000
Rubber	--	--	575,487	600,000
Cotton	8,124	9,000	--	--

1/ Revised.

2/ Forecast.

Source: Central Bureau of Statistics, Indonesia.

Even with the extremely low production of dairy products, Indonesian imports for 1959 are estimated at only 16,000 tons--mostly whole powdered milk and evaporated and sweetened condensed milk. Indonesia had planned to import 10,000 metric tons of nonfat dry milk under the Public Law 480 program signed in May 1959; however, due to the lack of U. S. supplies, the \$2 million scheduled for dairy products was transferred to cotton.

Indonesia requires tobacco for use in the blending of cigarettes and has previously purchased tobacco under P.L. 480. It is estimated that about 5,000 tons of imported tobacco are required for the local industry. Even this is considered insufficient to supply and expand the cigarette industry. Also, about 10,000 tons of cloves are imported for use in the manufacture of cigarettes.

Other imports include wheat flour, fruits, vegetables, meat products, and chocolate products. Indonesia has imported about 1,500 tons of sugar to meet urgent requirements in certain areas but, with the anticipated improvement in transportation facilities, it should be possible to eliminate such imports in the future.

Trade with the United States:--The United States is one of Indonesia's leading trade partners. In 1958 Indonesia exported \$95 million worth of agricultural commodities to the United States and imported \$12 million in farm products. All commodities imported from the United States were valued at \$61 million and exports amounted to \$169 million.

Rubber and crude petroleum are the main U. S. imports from Indonesia, but tin, tea, tobacco, pepper, hard fibers, coffee, and kapok are also important. Rubber has accounted for about 85 percent of total U. S. imports from Indonesia in recent years. The United States, largest single supplier of Indonesia's imports, provides primarily manufactured goods. In recent years, however, the United States has exported sizable quantities of agricultural commodities, mainly under Public Law 480.

In March 1956, Indonesia signed a P.L. 480 agreement with a total value, including ocean transportation, of \$96.7 million. The commodity composition, as amended, was as follows: Rice, \$41.3 million; cotton, \$30.5 million; tobacco, \$15 million; and wheat flour, \$5 million. Ocean transportation amounted to \$4.9 million.

The 1959 Public Law 480 agreement amounts to \$50.3 million. Items in the agreement as amended include cotton, \$25 million; rice, \$17.1 million; and wheat flour, \$5 million.

Table 3.-- Indonesia: Total exports and exports of agricultural products by value, annual 1955-58 and selected periods 1957-59

Period	Total Exports	Rubber	Tobacco	Tea	Palm Oil	Coffee	Copra	White Sugar
	Million dol.	Million dol.	Million dol.	Million dol.	Million dol.	Million dol.	Million dol.	Million dol.
1955	946	432	31	31	24	16	35	21
1956	896	361	29	30	27	30	39	17
1957 <u>1/</u>	969	349	34	30	26	29	38	17
1958 <u>1/</u>	755	261	30	25	24	18	16	7
Jan.-July 1957 <u>1/</u>	504	205	29	18	12	20	18	5
Jan.-July 1958 <u>1/</u>	391	123	24	15	12	8	3	2
Jan.-July 1959 <u>1/</u>	502	211	11	12	10	6	12	--

1/ Preliminary figures.

Converted at the official rate of 11.4 rupiah per U.S. dollar.

Central Bureau of Statistics, Indonesia.

Table 4.-- United States: Agricultural trade with Indonesia by value, 1957 and 1958

	Imports		Exports	
	1957	1958	1957	1958
	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.	1,000 U.S. dol.
Livestock and animal products	308	271	1,376	603
Cereals and preparations	--	--	6,430	5,434
Fruits, nuts, and vegetables	209	--	227	80
Sugar and preparations	--	185	3	--
Tobacco, unmanufactured	778	509	7,510	1,159
Fats, oils, and oilseeds	104	264	78	62
Rubber	106,212	74,217	--	--
Natural fibers	1,608	1,351	6,168	4,518
Other agricultural products	18,867	18,401	266	82
Total agricultural	128,086	95,198	22,058	11,938
Total all trade	203,324	168,736	109,271	61,183
Percent agricultural is of total	Percent 63.0	Percent 56.4	Percent 20.2	Percent 19.5

U. S. Trade Statistics

Planned uses of Indonesian rupiah generated under Title I, Public Law 480 agreements with the United States through September 30, 1959 are:

	<u>Thousand dollars</u>
Grants for economic development.....	14,200
Loans to private enterprise.....	10,000
Loans to foreign governments.....	87,400
Payment of U. S. obligations.....	20,481
Other U. S. uses.....	<u>4,919</u>
Total amount in agreements.....	137,000

Donations of U. S. surplus agricultural commodities to Indonesia under Section 416 of the Agricultural Act of 1949 and Title III, Public Law 480 through June 30, 1959 are valued as follows:

	<u>Thousand dollars</u>
1950-54.....	70
1955.....	202
1956.....	691
1957.....	1,260
1958.....	967
1959.....	<u>1,292</u>
Total.....	4,482

Trade agreements:-- Special bilateral trade agreements have formalized Indonesia's trade relations with many countries. Several such agreements were signed during 1959. Most of the agreements provide a market for Indonesia's agricultural raw materials and in turn Indonesia receives manufactured goods.

In January 1959, a new trade agreement was signed with Bulgaria. Indonesia agreed to provide Bulgaria with rubber, tea, copra, coffee, spices, cocoa, palm oil, and palm kernels. Bulgaria agreed to export machinery, fertilizers, cotton piece goods, and wheat flour to Indonesia.

In May 1959, Indonesia and Pakistan renewed their bilateral trade agreement for one year. Under the agreement, Indonesia will export essential oils, sugar, copra, spices, timber, tin and rubber, while its chief imports will be raw cotton, sports goods, jute bags, hessian cloth, cottage industry products, and dates.

Table 5.-- Indonesia: Agricultural commodities programed under Title I, Public Law 480 agreements, and shipments through June 30, 1959.

Commodity	:	:	Shipments	
			Market value	Quantity
	:	Programed	:	:
	:	1,000	:	1,000
	:	dol.	:	M. T.
Wheat flour	:	9,981	:	4,981
Rice	:	48,492	:	41,289
Cotton 1/	:	52,703	:	--
Indonesia	:	--	:	5,580
United Kingdom	:	--	:	2,847
West Germany	:	--	:	436
Belgium	:	--	:	434
Hong Kong	:	--	:	5,793
Japan	:	--	:	14,296
Tobacco	:	14,973	:	14,115
Nonfat dry milk	:	2,000	:	--
Total		128,149		89,771
				432.25

1/ Includes raw cotton shipped to third countries for processing.

Later in 1959, Indonesia signed trade agreements with the United Arab Republic and Iraq. Indonesia will ship tea, coffee, sugar, and rubber to the UAR in return for cotton, cotton yarns, textiles, gypsum, salt, cement, fertilizers, and books. Under the agreement with Iraq. Indonesia will ship tea, sugar, coffee, wood, spices, and pineapples in return for dates, cement and cotton.

Under a trade agreement signed in Moscow, Indonesia will export 20,000 metric tons of rubber to the Soviet Union in 1960--the same amount agreed to for 1959. The 1959 exports were originally set at 14,000 tons, but by mutual agreement the figure was increased to 20,000 tons. In negotiating the most recent agreement the Soviets requested a long-term contract, but Indonesia could not agree because the availability of adequate supplies over a long period could not be assured. The U.S.S.R. ranked seventh among importers of Indonesian rubber in 1958.

Indonesia has also renewed or extended agreements with Hungary, West Germany, Italy and Yugoslavia and has established trade relations with Turkey.

Outlook

Efforts to improve resource utilization in Indonesia have been hampered in recent years by the internal political and economic adjustment that is common to newly established States. Once the required adjustment is made and a common national destiny emerges with generally accepted implementing policies, progress in developing the country's considerable economic potential is expected to quicken materially.

There will probably remain a strong demand for exports of Indonesian sugar, copra, coffee, pepper, tea, palm oil, palm kernels, and rubber. Although current exports of these commodities are depressed, the potential production of export crops is great and, if properly managed by the government, the long-term outlook will be for increased production. Much will depend on how efficiently and effectively the Indonesian government or its representatives handle the former Dutch estates. Also important will be the security given to privately owned estates.

The government is making a concerted effort to increase production of rice. But with the increasing population, limited area, and competition with other crops, it is unlikely that Indonesia's goal of self-sufficiency in rice will be achieved for several years--at least until Indonesia's production of chemical fertilizer is adequate and is used to good advantage.

A plan is being developed under which U.S. technical assistance to agriculture will be primarily directed at improving rice seed farms, and expanding areas planted with improved rice varieties. The U.S.S.R. plans to finance two 22,000 acre mechanized rice farms. It is proposed that the machinery will also be used to help open an additional 425,000 acres for rice production. The large mechanized rice farms are to be models for some other 20 farms to be established at a later date. The U.S.S.R. is also scheduled to construct a superphosphate plant with a 100,000 ton annual capacity.

There are no prospects for a large increase in production of eggs and dairy products, the only other foods for which Indonesia is partly dependent upon imports. However, with sufficient production of coconut oil and sugar, Indonesia could support a filled milk industry.

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